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MOBILE SELLING HANDBOOK FOR DEALERS



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AUTOMOBILE SELLING

AUTOMOBILE SELLING

A Manual for Dealers

BY

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DIRECTOR OF SALES AND OF RESEARCH

INTERNATIONAL MAGAZINE CO.

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PREFACE

This is a book that every automobile dealer should read. It matters not whether the dealer's business is large or small, whether it is located in a large city or a small town, he will find in this work practical suggestions that can be put to profitable use. A glance at the Table of Contents will show its scope.

The book outlines the essentials of successful management in the automobile business. It presents workable plans, not theories. At the same time it presents the reasons why. It not only aims to show the dealer how to do the various things that need to be done in the best and most up-to-date way in an automobile dealer's business, it aims to stimulate the dealer to do his work intelligently. It is, therefore, not only a manual on automobile dealing, it is also a text book, a means of education.

There are a great many suggestions offered in the volume. There are workable ideas presented on every page. To get the greatest number of good things into the smallest space, all narratives or stories and long explanations how the plans were discovered or first applied have been eliminated. The statements are made in a straight-from-the-shoulder fashion.

This book is not fiction. It is not written in fiction style. Every idea presented has been drawn from successful practice. Every plan outlined is now in use among dealers

PREFACE

scattered all over the country. It has been elaborately prepared for the busy man whose time is money and who wants to learn what successful dealers are doing elsewhere.

The author of the book, Paul H. Nystrom, has had an extraordinary training for preparing this book. For nearly two years he conducted intensive investigations on the best ways of selling employed by automobile dealers, garages, accessory and tire stores all over America. Several hundred places were visited and studied. Reports were obtained from many more. He has, himself, had experience as a retailer. In addition to these practical lines of observation he has had another field of experience with retailers that has proved of value in preparing this work. For a number of years he was in charge of dealers' short courses, merchants' institutes, and extension classes for retailers in the Universities of Wisconsin and Minnesota. Nearly three thousand dealers were students in his courses. For the last two years Dr. Nystrom has been in charge of the Bureau of Merchandising Research of the International Magazine Company. In this capacity he has continued his studies of the automobile selling field up to the time of writing this book. In this book are presented the carefully compiled observations of the author's rich experience.

"Automobile Selling" is presented to the public with the assurance that it will contribute towards putting the automobile business upon a more certain basis and that it will help those who study it to greater progress and success.

THE PUBLISHERS.

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CHAPTER I

OPPORTUNITY IN THE AUTOMOBILE BUSINESS

The Growth of the industry.—The wonderful story of the growth of the automobile business is known in some part at least by every American. Within the memory of the young men of the present the automobile has come into use and from nothing has become one of the greatest and commonest conveniences in use by the American people.

In twenty years the production of automobiles has gone up from a few hundred cars per year to a normal rate at present close to 2,000,000 cars a year.

The accompanying table and diagram (see Figure 1) present the essential facts concerning this growth in a clear way both as to the total number of cars made and also as to the number of commercial vehicles.

The total number of cars in use twenty years ago was only about 10,000; now there are over 6,000,000.

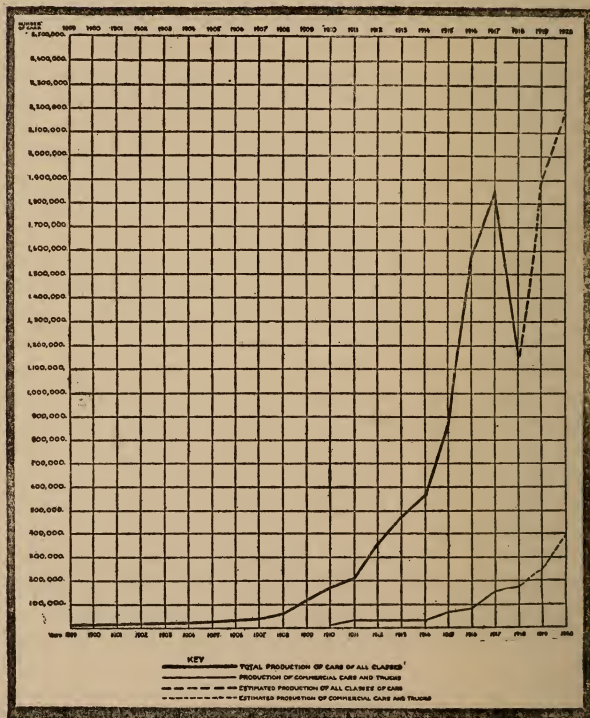
We now can see that the automobile came into use at a very opportune time. The country, business, and the people were ready for it. It was a contrivance that needed only to be invented and demonstrated to secure for it an immediate market.

The main trunk railway lines of the country had been built for a number of years. Transcontinental systems had been provided and lines between all important immediate points had been constructed where needed. Water trans-

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(FIGURE 1) AUTOMOBILE PRODUCTION IN U. S.

Year Ending Dec.	Total Cars Made	No. of Passenger Cars	No. of Commercial Vehicles	Total Cars in Use
1899	3,700	.....	.....	10,000
1903	11,000	10,620	348	.....
1904	21,692	20,261	1,431	85,000
1905	25,000	24,400	600	.....
1906	34,000	32,900	1,100	.....
1907	44,000	42,300	1,700	.....
1908	65,000	61,900	3,100	.....
1909	126,593	121,861	4,725	400,000
1910	187,000	174,000	13,000	600,000
1911	210,000	185,000	25,000	677,000
1912	378,000	348,000	30,000	1,013,975
1913	485,000	.....	.....	1,258,062
1914	569,054	543,679	25,375	1,711,339
1915	892,618	818,618	74,000	2,445,644
1916	1,575,617	1,485,617	90,000	3,541,738
1917	1,878,000	1,718,000	160,000	4,941,276
1918	1,157,252	974,606	182,646	6,000,000 Est.
Estimates				
1919	1,900,000	1,650,000	250,000
1920	2,200,000	1,800,000	400,000



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portation had come to a stand-still. It may be that water carriage may be developed as the need for transporting heavy goods grows, but the fact remains that water transportation had been diminishing rather than increasing for a number of years before the time of the automobile. Horse transportation had remained the same for hundreds of years with very little improvement. The good roads building movement had begun in this country some years before the invention of the automobile and was growing very rapidly in the '90's when the first automobiles were built. This movement for good roads has been accelerated by the invention and development of automobiles but without fair roads to begin with the use of the automobile would have been practically an impossibility.

If automobiles had been developed before railways, as has been stated by several who have studied this subject, it seems probable that the railways would not have been built to any such great extent as they were. There would certainly be less railway mileage and a much greater volume of transportation by road and automobile. Since the coming of the automobile into common use there has grown up a competition between it and the railways that the railways themselves admit has hurt them. Though each has a definite field in which it can perform the most economical service, the railway for long hauls, the automobile for short quick serviceable transportation, it seems quite certain that railways have been built and used in some places where automobiles can more readily render the service needed and these railroads may therefore yet be driven out of business by the automobile. It is well known that railroad companies have taken steps to counteract the competition of automobiles both for passenger and freight purposes. This is a condition that will no doubt grow continuously.

Present demand for cars.—What the ultimate number

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of automobiles in this country will be there is no present means of telling. It can only be stated that the automobile will eventually go into use wherever it can be used more effectively than railway transportation or a horse vehicle.

In discussions concerning the possible number of automobiles for which there may be a market in this country, it is customary to refer to the number of people, the average wealth of the people, number of persons having stated incomes above \$3,000 per year and so on. All of such bases for computing the possible market for automobiles are fallacious.

Demand for automobiles no more arises from the number of people who receive incomes above a certain point than the demand for box cars, for telephone poles, for turbine engines, or for dictating machines. No one thinks of stating the demand for these goods in per capita terms as automobile statistics are quoted. All of these items, including automobiles, are bought where needed and where their services will repay the purchaser above a similar expenditure made for other goods.

What determines the demand for an automobile is the earnings to be derived from its use after it has been purchased. It is not what the automobile costs but what it will earn in money or service in proportion to what it costs that sells it to a consumer. If an automobile costs \$1,000 and will bring better results than a similar expenditure of \$1,000 made in some other way, then the automobile will be bought and should be bought.

The "saturation point" for automobiles depends, therefore, not at all upon the present earnings of the masses of people, but rather upon what the earnings will be of those who have need for this form of transportation. The "saturation point", and there is undoubtedly some such point, at any given time, will not be reached until every

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place where the automobile can be profitably used will be filled.

The uses of the automobile.—Ever since the automobile came into use there has been a strong mis-conception concerning its principal uses for which the automobile manufacturers, their sales organizations and automobile dealers are mainly responsible. The automobile has been and still is being sold to the public as a means of pleasure and as a luxury instead of as an economic means of transportation for people and for goods.

The pleasure uses are obvious. The winning sales-point to secure the order has in many cases been the appeal to the human instinctive love of the outdoors, the fun of riding and driving, the freedom of the open, and the fashionableness and exclusiveness of a car and so on. The advertising of the automobile companies has pushed these arguments even farther than the salesmen have.

As a matter of fact, judging from every bit of evidence available, only a very small proportion of the total number of automobiles in use are in a direct sense "pleasure cars."

Inquiries made by automobile companies, advertising agencies, periodicals and by the National Automobile Chamber of Commerce, all tell the same story, namely, that less than 30% of the total number of cars are used for pleasure purposes only. A great many passenger cars are, of course, used more or less for pleasure and for recreational purposes. But available evidence on the subject, while not sufficiently conclusive to serve more than as an indication, shows the surprisingly large number of cars serving economic uses, and the relatively small number devoted to pleasure uses.

The term, "pleasure car," is a misnomer. Most automobile manufacturers, as well as automobile associations

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have recognized this fact now and are trying to have the word "passenger car" substituted for "pleasure car."

Why the industry will continue to grow.—Opportunity in the automobile business, the same as in every other well established line, depends upon the basic business conditions of the country, and of the community in which the business is to be located. If the production of raw materials is forging ahead, if the volume of trade is high, if labor conditions are sound, it is certain that there will be need for automobiles.

Agriculture, mining and lumbering is growing year by year in an almost uninterrupted upward direction. The population of this country and of the world is increasing continuously and their wants must be satisfied. Not only that but their standards of wants are rising steadily. They must have the products of the soil, the mines and the forests on which to live. Production must continue. This is the trend of evolution. It is evolution itself.

The volume of business transacted in this country has grown in a remarkable way during the entire period in which the automobile business has shown such remarkable growth. In fact there is probably a closer connection between the number of automobiles in use and the volume of business than there is between the number of automobiles and the population. In 1898 the volume of business was less than \$10,000,000,000; in 1916 it passed \$20,000,000,000; in 1910 it passed \$30,000,000,000; by 1916 it reached \$50,000,000,000 and in 1918 it passed \$70,000,000,000.

This growth in business, stated in dollars, represents back of it tremendous activity of all kinds. But in all business there is need for transportation service. The greater the business the greater the need for transportation of all kinds. It is this demand for transportation growing out of business that has made the market for the millions of automobiles.

The prospect for the future of the automobile industry

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is bright. Business volume will grow and with it will grow the demand for motor transportation. When business ceases to grow we shall have reached the point when the demand for automobiles will remain stationary.

Whatever this large general public demand for automobiles may amount to in millions of cars per year, it must be borne in mind that this demand is made up of small demands, a demand in each locality in the country. If 2,000,000 cars are wanted by the United States, this means that a certain number of cars will be wanted in every county in the United States, and the only point in presenting general statistics is to indicate that there is an opportunity for the automobile dealer in his own community proportional to the large opportunity of the entire country.

Greater skill in selling will command premium.—The automobile business is not now an unworked field. Automobiles have been sold by dealers for twenty years or more. The automobile is no longer a new device, unknown to the people. It is a staple product, comparable to food, clothing, hardware, building materials, and so on. Henceforth it must take its place among these necessities in the national system of distribution.

In the early days of automobile selling, automobile dealers were largely recruited from such classes as bicycle men, sportsmen, rich men's sons who had nothing else to do, speculators, and so on. With few exceptions, good business management among automobile dealers was a rarity. But the market for automobiles was so intense that a large number of fortunes were made even with the poorest methods. It is not now possible to embark in the automobile business with such certainty of success that all principles of good business may be thrown to the wind. Competition has grown keener but in comparisons with other and older lines of business this competition has not become such a set and fixed thing yet. Formerly nearly all men who went into the

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automobile business who used any judgment at all in their business stood a fair chance of winning. Success has now moved up several notches and the more reckless and poorer types of business men have fewer chances of succeeding than formerly.

There is a wide open door to success in the automobile business to concerns with good management but not to others. The old days are forever gone. Success is now possible only for those who know.

In the automobile business, as in every other, experience is the basis of practical knowledge, and from practical knowledge progress can be planned. There are dealers who do not profit from their own experience. They soon drop out. There are others who learn lessons from their own experience but fail to profit from the experience of others. These hold their places in the business, but their struggle is constantly hard. Finally there is the class of dealer who learns from others as well as from their own business. The future of the business belongs to this group. It is to this group that this book is presented.

Observation of the methods of good and poor dealers shows that the reasons for the difference lie largely in the methods. There is the widest variation. By change in methods many concerns have changed from failure or mediocre success to positive progress.

This book is a compilation of the methods actually used by successful automobile dealers. It is presented with the view of helping those dealers who will help themselves.

CHAPTER II

A PLACE OF BUSINESS THAT WILL HELP

Locality.—Let us now assume that the reader of this book has decided to go into the automobile business. The next point for consideration will be the selection of a location. There is one measure only governing the selection of a business location, and that is its help in producing a profitable business. Accessibility to people, nearness to prospective customers is what counts. The number of people in a community have something to do with the possibility of making sales, but, as we saw in the first chapter, not nearly so much as the existing needs for motor transportation—backed by the capital or credit to pay for this transportation.

The fundamental questions that must be answered with reference to the value of any location are therefore those that have to do with the possible number of prospects, those who do not have cars but who should have them. If there are a number of families in the community of ample means but without cars, that indicates a prospective field of business. If there are business men who might profitably use cars in their business, if there are farmers, gardeners, contractors, or mechanics in the community whose businesses would be aided by the use of cars, these will constitute excellent prospects for the automobile business.

In a later chapter we shall consider in detail who the prospects for automobiles are. It need only be pointed out here that good business judgment must be used on this

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point before establishing an automobile business in any community.

There are places so small that every prospect can be fully canvassed and sold within a limited time. If a man goes into the automobile business with the idea of establishing a permanent business he must consider not only what his outlook for returns will be during the first year, but also in the years following. Due regard must be given to the amount of business there is likely to be in replacing old cars as well as the possibility of making new sales to new people. There is danger in having too limited a territory.

On the other hand one of the commonest mistakes made by those going into the automobile business is to attempt to cover too much territory. For a dealer trying to cover too much territory there is greater danger of overlooking prospects than there is of over-estimating the number. There are many profitable automobile businesses located in very small communities and as the use for the automobile develops it seems highly probable that the time will come when automobiles will be sold in just as many small places as wagons and buggies were formerly sold in.

What car.—The next step in establishing an automobile business is deciding on what automobile to handle. Here local demand must govern fully. The man who proposes to go into the business must decide in advance what car or cars should be owned by the people of the community. That is to say, he must sell himself fully on the car that should be used by a large number of the people.

There is no car that can be sold to everybody. If only one car is to be handled great care should be exercised in selecting a car that can be sold to the greatest number of people within the community. It may be advantageous in many cases for the dealer to act as agent for two or three cars. Experience has shown, however, that a dealer makes

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most money on selling and pushing some one or two most popular cars. Too many cars complicate the business and confuse customers and make it more difficult to sell, and actually results in losing business rather than gaining it.

If more than one car is to be handled, each should be selected with reference to specific groups of people in the community. For example, if a medium priced car is selected with which to try to reach the largest group of people in the community who want cars, then it may be advisable to select a high priced car to meet the needs of the people of greater wealth or who desire to obtain a car of greater excellence than the first. Or, it may be desirable to combine with the medium priced car one of low price. It is rarely ever desirable to combine a high priced car with a low priced car in the same establishment. It is better to work from medium priced cars up or down than to try to work on both extremes.

A good car salesman is one who doesn't know that there is any prospect for a car that he can't sell. It isn't a good thing for a dealer to advertise this fact to his salesmen, but it is probably impossible to sell all prospective car owners in the community any one car no matter what kind of a car it is. The important thing is to have the agency for the car that will fit the needs of the most people in the community. If the dealer can satisfy himself upon this point in advance, he has gone far towards insuring his success in selling after the business has been started.

Having determined the car or class of cars suitable for his community the dealer may next turn his study to the manufacturers of such cars. His special attention needs to be directed to such points as: their reputation, financial stability, treatment of distributors and dealers, treatment of customers who use their cars, service policies, advertising plans for the future, and assistance given in the sale of cars by dealers. It is highly advisable to visit

the factories and talk with the officials of the company whose cars are under consideration. It is likewise advisable to see some of their dealers in their places of business, and to get from them their feeling towards the companies.

As the selection of the car to be handled is a highly important thing, it is undesirable to change from handling one car to another. Such changes mean considerable loss to the dealer in prestige, good-will, and in experience. Therefore determining whether to take a certain car agency or not is extremely important.

Location in community.—Having decided on a community in which to establish an automobile business, and the car which is to be handled in that community, the next step is to select a suitable location within that community. Here, as in determining the community in which to establish the business, the first thought must be of what the possibilities will be of the location helping to secure business. The value of a retail location is based entirely upon its convenience to prospective consumers. This is as true for automobiles as it is for cigars. If there were a chain store system in the automobile selling business as there is in the tobacco line, we should find the automobile chain store system using precisely the same methods of determining suitable location as the tobacco chains do. It would count the number of passers by and consider the character of those passers by, as to possible purchasing power, and so on.

It may be urged that those who have made up their minds to buy automobiles will as readily go to a side street as to the most prominent location in town. This is true for those who have already made up their minds. But the automobile business grows by making sales to those who have not yet made up their minds, and whose education comes from seeing automobiles in use, seeing them offered for sale, reading advertising about them, and by solicita-

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tion. The exhibition of automobiles for sale acts as a constant suggestion to people who pass, a suggestion which may finally grow into a desire and decision to buy. Location on a side street minimizes the chances of furthering this education of prospects for the automobile market. An automobile business devoted entirely to selling automobiles and not including a garage, repair shop, or service station can use and should have as good a location as a cigar store, drug store, dry goods store, or even a bank. Rentals come high in such locations but the extra volume of business that can usually be secured in such locations more than makes up the difference in rental. There is no location in the average town too good for the automobile business.

How the location helps.—If a place of business is solely for the sale of automobiles, then the better the location, all things considered, the more sales will be made. It may not be profitable to run a garage on the most expensive corner in the city, but experience has shown that it does pay to have just such a location for the automobile sales room. The dealer must decide for himself which is to be his more important business, that of running a garage and repair shop, or selling automobiles.

Thought must also be given to the surroundings. Buildings near by help or hurt the business. No matter how attractive the automobile store may be, if surrounded by old broken down buildings or by buildings used for purposes that do not appeal to the automobile buying public, then it will be harder to sell automobiles.

In some communities it has been thought highly profitable to locate near other automobile dealers. Consequently there are in many cities automobile rows. There are advantages for this system of location. People desiring cars can readily locate the car dealers. People who come to see one car will find it convenient to drop into the places of other dealers and see other cars at the same time. Pros-

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pects who come to see some car without the intention of seeing any other dealer, may have their attentions attracted to other cars on the way to their dealer with the result of changing their minds. Thus in automobile rows there is chance of losing some trade but also of gaining some from competitors if the car that the dealer represents is one that is obviously suited to the needs of the people who may buy.

There are some dealers who claim that taking a better location is the same thing as spending money for advertising. They say that a concern located on a side street must spend more money to secure a certain volume of business than a similar concern located on a main street. It may not be good business to cut down on advertising when taking a better location. In fact, it may be better to spend more for advertising when located well, since the better location, like a good piece of land, may stand much more intensive cultivation than a poor location.

A retail store location is simply an opportunity to go to work. A good location is one that can be worked more thoroughly than a poor one. The shrewdest and brainiest retail automobile dealers invariably try to place their stores in the best location.

Presence of competition should of course be considered. But the fact that there are other automobile dealers in the community is no reason why a new establishment should not be well started. If the new concern can sell a car not sold by others, if the new concern can supply a want more satisfactorily and more cheaply than any of the older concerns, then there are excellent reasons for the establishment of the new concern, and the chances of its success are good.

CHAPTER III

BUYING A BUSINESS VERSUS STARTING A NEW ONE

How to analyze an old business.—An automobile dealer on going into the business is likely to be confronted by the problem of whether to buy an old business already established or to start a new business in a new location. If an old business is offered, points such as the following should receive careful consideration.

What has been the history of the older business and its location? Has it passed from hand to hand? Have its former owners or managers succeeded or not? What has been the reason for the changes in each case? What is the reason for the present owner wanting to sell?

It is usually a difficult thing to take over an old business and make a success of it after it has gone through a series of failures. The location should not be blamed for failure in every case. Failures may be due to personal reasons or several other causes. But if the previous failures were due to faults of the manager rather than of the location it is easy to conclude that with proper management, one could make the location a successful business place. This does not always follow. People of the community are likely to look upon the place from force of habit as a failure and, therefore, the difficulty of making a success out of it is multiplied.

Careful investigation needs to be made to determine the past history of a concern offered for sale and this investigation can best be made by talking not only with the owner who wishes to sell out but with other business men of the

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community, such as the owner's former customers, the near by business concerns, the banker, real estate men, and any others who may have an intelligent opinion of the circumstances.

The Inventory.—In offering an old place for sale, there are usually included a certain number of cars generally second handed, stocks of accessories, tools and supplies of various kinds, outstanding obligations due the concern, obligations of the concern to others, and finally good-will.

It is generally very dangerous to buy any sort of a retail establishment without a careful inventory of every item making up value in the place. And in taking this physical inventory, men of experience whose judgment can be trusted should be employed. Valuations should be fixed not at what goods will sell for, but at figures that will permit the making of a profit when they are sold. In setting valuations care must be exercised to determine the salability of the goods. Certain lines may have a general marketability but in no demand in the local market. The appearance of the merchandise in stock is an important consideration. It may require considerable labor and expense to brighten it up. Thought must be given to what it will cost to put the merchandise in shape to sell. Intrinsic values, general marketability and so on have no place in making up inventory. Goods are worth only what they will bring less the cost of selling them.

Overstocks of various items are also factors that must be considered. The net value of any stock is what can actually be obtained for it. Dead stock on the shelves is of no value and should be so considered in this connection.

Repair equipment, show cases, shelving and so on, should be inventoried at what they would probably bring in an open market with competition both of buyers and of sellers.

The same care needs to be exercised in taking over debts due the concern. As a rule old automobile debts are as

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bad a class of retail debts as any in existence. For inventory purposes it may be well to classify such outstanding debts as may be offered for sale as good, doubtful, and bad, and value them accordingly.

Finally the prospective purchaser needs to satisfy himself regarding the real ownership of the property that is being offered to him. Are the goods in stock consignments from manufacturers or are they really owned? Are there chattel mortgages outstanding against any part of the stock or the plant as a whole? Are there outstanding indebtednesses that are likely to show up later? Are there unpaid taxes or assessments? When these points have been satisfactorily covered, the purchase should be closed by a bill of sale given to the purchaser, guaranteeing the conditions as set forth in the verbal understanding.

Good-will.—One of the items usually mentioned by the man who desires to sell, that may be highly valuable in an old business is good-will. Good-will, though intangible, is of real value providing any exists. Good-will consists essentially in a favorable attitude of mind among the people in the community in which the business is located towards that business. The good-will may inhere in the person running the business, in which case, if he leaves it, he is likely to take it with him. If he starts into business in the vicinity he gets the value from it. It may inhere in the merchandise. For example, the agency of a well known car is likely to prove of value because of the public good-will for that car. The public knows the car, has faith in it and buys it readily. A change from that car to some other car means the losing of the good-will of that car. Good-will may inhere in the location. Satisfactory service given to customers over a period of years usually results in people enjoying coming to trade in that place. This is the item of good-will of valuable consideration in this connection.

Good-will inherent in a person is valueless to a purchaser

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of this business unless that person remains with the purchaser in the business. Every automobile dealer should assure himself that he has the support of good-will inherent in merchandise by having the agency for at least one well known car, and if accessories are handled, there should be included in the stock the lines well known to the trade. The more lines of well known products that a dealer carries the more good-will of this character he will have at his command. These are valuable items that should not be overlooked.

If customers think of the place rather than of the person or the merchandise when they want car or accessories, then the place possesses good-will that is worth paying for. The chief reasons for buying an old business rather than starting a new one are, to get a place planned for the work, to get a complete equipment for less than the cost of buying a new outfit, and, most important of all, to secure any good-will that may have accumulated for the business.

Ill-will.—In consideration of good-will, it should not be overlooked that it is fully as possible for a concern to have ill-will as good-will. Investigation of the concern offered for sale should cover this point as well. One enemy of the place discounts at least 10 friends. If the concern has had a reputation of unfair dealing, of poor service, or any other undesirable quality, it has an ill-will in the community that must be reckoned with. Ill-will counterbalances and neutralizes sales effort. Therefore, ill-will makes it harder to sell while good-will makes it easier to sell. Better start a new business from the ground up, with all its difficulties, than try to get business against the opposition of a well developed ill-will.

CHAPTER IV

FITTING YOUR PLACE OF BUSINESS TO HELP MAKE SALES

One of the most effective forms of dealer strategy is to fit your place of business so that it will help to sell your lines. There are stores where the lay-out and equipment actually hinder or at least make it harder to sell. There are other places, and many of them, where the place of business neither helps nor hurts sales. In this chapter we shall suggest methods of getting the place of business to go to work for you.

Building.—An automobile dealer needs the kind of a building that will suggest the things that his salesmen preach to prospects. One of the chief sales points urged by them is the use of the car as a business economy and as a means of increased efficiency. In other words the salesmen are missionaries of better business methods involving the use of the automobile. The automobile dealer's place of business should express in every detail up-to-date business efficiency. The building itself should be a modern looking, business-like looking structure.

Most people who have never owned automobiles before are likely to be in the same state of mind about a car purchase as they would be in anticipation of any event of life-time significance. Automobiles have changed in appearance and in mechanism tremendously during the last ten years. The average purchaser is likely to think that these changes will continue. Consequently when he buys he wants to be assured that what he buys is at least up-to-date.

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A place of business can help strongly to suggest the up-to-dateness of the car line handled. A customer instinctively and quite properly nine times out of ten thinks that the merchandise whether it be cars or mouse traps handled by an old looking place of business, dusty, shop worn, and so on, is out-of-date.

Before going on to point out details that should be considered the reader should give his consideration of the need for fire proof construction. The frequency of fires in garages and automobile dealers' places of business, the constant hazard in connection with the handling of gasoline proves that anything but the best type of fire proof construction should be avoided if possible. Furthermore the building should be equipped with proper means for extinguishing any fires started.

Architecture.—One of the most important architectural features of an automobile dealer's place of business is the entrance.

Trite though the suggestion may seem, the entrance should be planned so that it may be easy for people to get in. The doors should swing easily and noiselessly. Steps leading up or down to the door are objectionable. They add to the difficulty of getting in, they destroy the entrance attractiveness, they increase the salesman's work after the customer does come in.

Attention needs to be given to the proper location of the gas pump, if one is placed outside of the building, and that is the best place for it. The best way to handle gasoline is undoubtedly by means of an underground tank with connections leading to one pump in the garage and another outside on the sidewalk near the curb. If there is a garage as a part of the plant, the pump should not be located so that cars stopping near it will interfere with free traffic into and out of the garage. Yet it should be placed as near

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the entrance as possible so as to save the time of employees who are to serve customers from it.

Free air is a service that will draw motorists. It would seem a worth while investment for every automobile dealer to provide air hose and connections to a power pump so as to be able to supply air for tires on the outside.

Windows.—During the last dozen years window displays have come to be recognized as of very great value in practically all lines of trade dealing with the public. It is a form of advertising that is extremely effective when properly used. The automobile dealer should be sure to use his windows with the idea of getting value from them. That is what they are for.

The first point that an automobile or accessory dealer should learn is that any window display is better than no display. Show the goods. Secondly, the better looking, and the better planned a display is, the better the results that may be secured.

To secure the best displays possible it is necessary to use backgrounds. Without backgrounds it is usually possible for passers-by to see the entire interior of the store. If there are not people moving about in the store, the impression the people on the outside gain is that the place is vacant. And the last impression in the world a live automobile dealer wishes his prospective customers to get in their minds is that his place is a vacant place.

Window displays.—A mistake frequently made by automobile dealers and by many other classes of dealers as well, is to place the office, the desks of the salesmen, and of the manager of the business in the front, directly in the window. This is a mistake from every point of view. In the first place the use of the window is to convey to the public information about the merchandise that the concern has for sale. The office furniture used in an automobile business is not for sale and should therefore not be placed in

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the best display space. A visit to a number of automobile dealers' places of business will show that where desks are placed in or near the window the occupants of those desks are usually absent giving the impression of an office equipment display with nothing going on.

The merchandise that the concern has to sell is what should go into the window. Any other use of the window space is waste.

Principles of effective display.—The characteristics of a good window display are, first, that it must have meaning. Dumping a lot of merchandise together in a window may be better than nothing but it certainly does not get the best results. The display should tell a story. If an automobile is displayed in the window, that in itself is a simple fact. But if special attention is called to the engine in that automobile, or to the upholstery, to the ease of control, or any one of the many other features of a good automobile, this is very much better. However, it is not wise to try to bring out all of these points in a single display. Better have one point brought out strongly at one time, and another point brought out at another time, and so on.

A second point to observe in the making of an effective window display is that it should be orderly and simple. It should be easy for the eye of the passer-by to grasp the meaning of the display and to see what it is about. Several articles can be placed effectively in a window display provided that they are arranged in some orderly fashion. Common sense is the good rule to apply. Many valuable lessons on how to make orderly, simple window displays can be gained from a study of the merchandising methods of older concerns such as chain drug stores, chain cigar stores, grocery stores and five and ten cent stores.

The automobile and accessory business involves no new principle of window display. The merchandise is merely different.

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Next, the window display should be planned to attract attention. As an aid in this direction, moving objects, such as a moving engine, a stripped chassis showing the transmission in operation run by a small motor, or some part of the car such as the carburetor, the electrical equipment, the upholstery materials, or any other detail, all properly labeled with cards giving the name of the part and its use, are very effective. Placing an automobile in the window without explanation is, as we have indicated, perhaps better than no display at all, but it does not hold the attention very long. When cards or arrows are used pointing to some particular feature, you make passers-by think more about what they see.

Displays of accessories can be made most interesting and valuable. A card-board model can be constructed to show how the spark plug functions, using an actual spark plug in the appropriate place. Tires can be exhibited in a variety of ways. An effective demonstration frequently used is to hang a tube from the ceiling and suspend by means of it some heavy weight such as a motor cycle. Tire repair material can be demonstrated splendidly by showing repairs before and after treatment. Any one in the business and who knows his merchandise can think up dozens of effective ways of demonstrating sales points by means of window displays.

Most successful automobile dealers believe in featuring the prices of the merchandise that they show in their windows, and they claim that this is a valuable part of the display whether prices are lower than usual or not. The passer-by on seeing an article may not be attracted sufficiently to come in to buy unless at the same time seeing the price and recognizing that the price is within his reach or in his view a reasonable one.

One effective and simple form of window display is a

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bulletin-board calling attention to used cars, together with their prices.

Many manufacturers of accessories and automobile parts are beginning to recognize the value of window displays in dealers' places of business and are providing materials out of which very attractive displays can be built by the dealers. These are worth while investigating.

Displays should be most frequent in lines that sell best. That is, a dealer should push his sales by displays and otherwise along lines of least resistance. At the same time the dealer should not give his window entirely to the easy moving merchandise. Prospective customers should also have an opportunity to see new and unusual goods that the dealer may stock from time to time for his trade.

An important feature of successful window displays is good lighting. The dealer will do well to purchase regular display window lighting fixtures that will properly light up the display and yet throw no direct beams of light into the eyes of the passers-by. Considerable attention should be given to the lighting effect and the placing of merchandise in the window in such groupings as will get the best effect from the light. If a store is located in or near the center of the town the possibilities of getting value out of the displays during the evening should not be overlooked. Even if the automobile dealer's place of business is closed a well lighted display in the window will continue its good work. As some one has said, it works while you sleep. There are many people who will spend more time at a display window carefully examining the merchandise shown there at such times than at any other.

Store arrangement.—The arrangement of the store is another important consideration. What the arrangement shall be will depend, of course, upon the lines of business handled. It is assumed here, for purposes of illustration, that the dealer's place of business includes the sale of motor

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cars, the sale of gas, oil, accessories and tires, a garage and a repair shop. This makes the best combination of departments in most towns. In some places a livery or taxi service may be profitably added. Dead storage for cars not in use is a frequent business feature. Then there are many automobile dealers who also handle trucks, agricultural implements, farm lighting plants, and so on.

The sale of cars will require a show and sales room used solely for that purpose. The room should be a cheery one, bright, clean and quiet. Gas, oil, accessories and tires should, if possible, have another room apart from the car sales room. Both of these sales rooms should be located at the front, easily accessible from the street. The garage may occupy quarters farther back, and the shops should be located as far as possible from the sales rooms.

Furniture.—The car sales room should not only be well lighted and kept in good condition. It should be equipped with the proper furnishings. A good many automobile dealers waste considerable money on the furniture for their sales room not at all in keeping with the purposes of the place. When equipping it they seem to forget that its chief and sole purpose is to be a place in which to sell automobiles rather than to display furniture. Anything in the sales room that does not help sell cars is out of place. Chairs and desks are probably needed. But upholstered easy chairs, sentimental pictures on the walls, potted plants in the window, attract attention to themselves and away from the cars. Scenery as such is in most cases, entirely out of place. The ideal equipment of a car sales room includes the automobile that is to be demonstrated, a few pictures of the factory where the car is made and of factories where various parts of the car are made, parts of the car fitted up for demonstration, a black board or chart with a supply of crayon for the salesmen's use and a few plain but comfortable chairs for the use of prospects when they are not

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seated in the car and, lastly, the desk at which the prospects may be seated to sign the orders. The salesroom should be something like a school room where the prospective customer can be taught all that is necessary to make him realize his need for the car. The salesman is the teacher.

The place of business should be equipped with rest rooms for men and women, adjoining the car sales room. A telephone booth for the use of prospective customers would be a convenience. A rack or table on which there are placed in good order a few well selected interesting magazines which may be looked over by the prospective customer while waiting for the salesman who may be engaged in talking to other customers is a good idea. Drinking water should be accessible. The best arrangement is a drinking fountain. It is absolutely sanitary as well as attractive in appearance.

Next to the automobile sales room, but if possible not in the automobile sales room, there should be the store where the accessories and tires are sold. As a rule it is not a good plan to exhibit a line of accessories to the person who is thinking of buying a car. It may suggest that the purchase price of the car is but the beginning of outlay on the car. This may make it harder to sell certain prospects.

Planning for displays.—However that may be, goods must be displayed in order to be sold, particularly such goods as accessories. Part of the available window display space should be used continuously for accessories. But there should also be attractive displays of accessories within the store, in show cases, on tables, and, if possible, in the garage. Some arrangement should be provided to secure display space where drivers who enter and leave the garage may see seasonable goods that they may need. A sample case erected near the entrance or at the side of the en-

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trance where every man entering can see it, containing such goods, has been used effectively in several places.

In the planning of automobile dealers' establishments the accessory store is frequently located at the side of the entrance into the garage. A glass display space opening into the entrance way so that displays may be made here to catch the eye of automobilists entering or leaving the garage works very well.

Too much care cannot be given to the handling of accessories and supplies in the way of keeping them clean and fresh looking. It is usually a better plan to have samples or even stock displayed in such a way as to permit prospective customers to handle them than to keep them on shelves or back in show cases where they cannot be reached. It is also the experience of many successful concerns that it is best to have the prices at which the goods are to be sold plainly marked on every article. The prospect who has the opportunity to pick up an accessory, examine it of his own accord and note its price, frequently sells himself. After all this is the best form of selling.

Bargain department.—Even with the best of judgment in buying a dealer is likely to accumulate stock with slow moving qualities. In order to get rid of such goods some accessory stores have adopted the plan of having a bargain department, in some cases merely an open counter upon which the stock to be sold at less than regular prices is placed. The customers are instructed by the signs above these tables to look over whatever may be there and the favorable prices marked on each article secures sales that otherwise might not be made. In this way dead stock may be moved and total loss averted.

Ventilation.—Good air or good ventilation is an absolute necessity to a modern automobile store. The garage and shop odors are unpleasant to many people and tend to drive them away or to make them uncomfortable. Lack of fresh

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air reduces the efficiency of the employees more than is commonly understood. It is more difficult to sell the customer in a room that is close and badly ventilated than it is in a well aired room. This is not theory but actual fact observed by many dealers.

Order.—One of the first essentials of a successful establishment is order. A place for everything and everything in its place. Commonly in some places the manager of the establishment takes an occasional fit to have things put in place and in order and then allows several weeks to pass by without much attention to this matter. This is wrong. Order should be a matter insisted upon at all times and should become a habit rather than an occasional occurrence.

Cleanliness.—The importance of cleanliness in automobile dealers' places of business cannot be overemphasized. The outside of the building itself should be kept bright and clean looking. We have already indicated that it should be kept looking as if it were new. It must be washed or repainted as frequently as necessary.

Display windows need frequent washing and wiping. The gathering of dust and dirt in windows has a way of depreciating the value of stock. It not only actually tarnishes and destroys the goods but also gives customers the wrong sort of impression. There is probably no expense that pays back such good returns as that in keeping displays of merchandise in first class order. The floors and furnishings should be kept spotlessly clean. It may be necessary to wash the floors daily.

Care of cars.—Nothing further need be said here of the necessity of keeping the automobile sample models in the cleanest and brightest possible condition. Great care should be taken to remove finger marks, tarnish from nickel trimmings, and dust. Prospective customers cannot be greatly impressed if shown a car or line of accessories covered with dust making it possible to write one's name in it.

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The dealer wants his prospective customer to appreciate his merchandise sufficiently to want to own it. One of the best methods of securing this appreciation is by showing precisely that sort of appreciation himself by handling it carefully, by keeping it clean and in good order, by treating it in an appreciative manner in every possible way. How can a dealer expect a customer to appreciate or want to buy an article which he himself shows no care for in any way?

Conveniences.—It may be possible to save a great deal of labor and time about a garage by the use of convenient fixtures. For example, if convenient and sufficient lighting arrangements are provided where cars are washed, it is possible to secure a better finish than without the light. Clean cloths are needed and by the use of an ordinary clothes wringer one can wash and wring the cloths and chamois skins used in wiping the automobiles.

The nuisance of water on the garage floor from washing the cars can be eliminated by having a pit cut in the floor with several drains leading from it. This pit should be covered by two by four timbers, arranged with spaces between, so as to permit the water to flow easily down into the pit. This is usually a better plan than to have a floor sloping towards a center where the water from washing may flow.

Several garages have found that a better way to clean the upholstery of cars than by hand with whisk brooms is by means of an electric vacuum cleaner such as is used in households.

Repairs can be facilitated greatly if in planning the building a working pit is constructed in the floor over which the car may be run permitting the workman to stand underneath the car instead of having to lie on his back on the floor when working under the car.

CHAPTER V.

WHO YOUR PROSPECTS ARE AND HOW TO FIND THEM

It is not many years ago in the automobile business since customers literally stood at dealers' doors in waiting lines with cash in hand demanding automobiles. Manufacturers were unable to supply a sufficient number of cars to satisfy the demand. Dealers bought cars from manufacturers in those days on the manufacturers' own terms. The demand from consumers of automobiles was spontaneous.

Automobiles, like other goods, must be sold.—Much of the insistence for automobiles such as we have described above has probably forever passed by. Instead of customers buying automobiles they will henceforth have to be sold automobiles. In other words, the same rule holds as in all other lines, such as pianos, sewing machines, washing machines, and all of the great staples in the food and clothing lines in which competition enters; the dealer must exercise effort to make sales rather than to depend entirely upon the consumer to come and take the merchandise away from him.

There are still probably opportunities to sell people who have already made up their minds to buy cars, and who will come to the dealer's place of business, but in most places the dealer can consider himself very fortunate with respect to this spontaneous demand if 10% of his sales are made to customers who come into his place of business looking for his car.

This means then that the automobile dealer must do what

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every other specialist does, he must work out systematic methods of finding prospects for his cars and accessories and must solicit them scientifically. If prospective customers will not come to the dealer's place of business, the dealer must go out and find prospective customers.

Nearly everybody is at some time a prospect.—One method of general application employed by certain automobile dealers is to solicit everybody in his community—on the theory that some time or other everyone is a prospect for a car. Dealers who follow this plan call at every door and at every office, a brief sales talk is made and some bit of advertising such as a small catalog or circular is left. An attempt is made to get an expression from the prospect and if it appears that there is any possibility of his becoming a car purchaser within a reasonable length of time, his name and address, together with other conditions, are jotted down on a card which is taken back to the dealer's office and is used as an active prospect file for further solicitation.

This plan has the merit of not over-looking anyone. A dealer who handles the low priced car has a better chance of reaping success from this plan than one who sells the higher price or even the medium priced car.

For most lines of cars a campaign more directly aimed to secure actual prospects seems advisable.

Special classes of prospects.—There are certain special classes in every community, no matter what its size, that are excellent prospects for cars. And the automobile dealer would do well to take his city directory or the directories of the cities included in his territory and check off for investigation and solicitation these classes. Many of these already have cars, but in case they do not they certainly should. Then there is the renewal business, including the sale of new cars to those who have old ones.

The use of horses is almost out of date in delivery and factory service. Any concern in an automobile dealer's ter-

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ritory still employing several horses should make an excellent prospect for passenger cars.

Every doctor should have an automobile. By means of the car, a doctor can increase the number of personal calls. He wastes less time in going to the places when he is rushed. He is enabled to save lives. He owes it to himself as well as to his patients to use rapid means of transportation and therefore should own a good serviceable car. A great many doctors own two or more cars.

Real estate men find a passenger car of actual necessity in conveying prospective customers to the properties offered for sale. A great many more customers can be handled in this way than by any other method of conveyance.

Salesmen, collectors, inspectors and other employees of concerns who must travel make good prospects for automobiles. If the employees cannot be sold, the effort should be made to sell their employers.

It has been conclusively shown that in most territories salesmen can visit several times as many dealers and towns by means of motor transportation as by means of transportation by interurban trolleys or steam railroads. The savings, it should be noted, cannot always be computed in costs per mile but rather in reduced over-head expenses per dealer visited by the salesmen. It may cost more per mile to use an automobile than railroad transportation, but the losses of the salesmen's time in waiting for trains and in seeing fewer customers overbalances the difference in transportation costs.

In agricultural communities, stock buyers, grain buyers, fruit buyers and others who must go from farm to farm in carrying on their business with agriculturists, dairymen or gardeners, should have automobiles. And if not already supplied should make excellent prospects.

Plumbers, tin smiths, building contractors and others in

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similar lines should make good prospects for cars to be used in their business.

Farmers who have sufficient income and business turn-over also make excellent prospects. Farm labor is scarce. Wages are high. There is now and there has always been a great waste of time in getting from the farm to town and back, in going from place to place on the farm, and so on. The automobile dealer has an excellent chance to help reduce this waste of the farmer's time. The automobile on the farm helps to keep the young people at home. With rapid, easy means of conveyance the strong desire to migrate to the city is greatly moderated. In the old days the farmer felt tied to his farm and his small community. This feeling often led to bitterness. It accounted for a large part of the cityward movement. The automobile serves in a remarkable way to reduce or remove this feeling. It frees its owner from the fetters of his environment.

Why concentrate on the bankers and merchants.—Every small town as well as city banker should own an automobile, not only because he and his family would enjoy it as a convenience but also because the banker with a car will be in a position to get out and see more of the territory from which his business comes. There is every reason why the automobile dealer should do everything in his power to sell the banker. The banker who is not fully sold on automobile transportation may exercise negative or objectionable influences upon the dealer's other prospective customers some of whom are certain to come to the banker to negotiate loans in order to buy their cars. In more cases than is commonly supposed the banker who has not fully understood the value of automobile transportation has effectually killed the sale of automobiles to those who have applied to them for credit to complete the transaction. The automobile dealer must make every effort to prevent this type of occurrence in his particular community. The

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sale of a car to the banker will prove to the banker its value, but if a car cannot be sold to him, then at least his good-will should be gained by convincing him of the value of motor transportation for other classes of business in the community. This much the automobile dealer can do.

There is another important indirect effect to be obtained by selling automobile transportation to the banker. In this way the automobile dealer gains a method demonstrating to the banker his own business ability and that should reinforce his own chances of securing the credit that he may need from time to time in his business dealings. The moral is obvious. Cultivate your banker.

Present car owners.—Present car owners usually are considered the best prospects for higher priced or even medium priced cars. The owner of a low priced car may be considered a good prospect for a medium priced car, and a customer who has owned a medium priced car makes a good prospect for a higher priced car. Sooner or later the replacement of old cars will come to be the most important part of the automobile industry. Even if the sale of cars to those who have never owned them before is still the largest item in the community the dealer who expects to be in business ten years from now should begin to cultivate business relations with those who own cars no matter what make.

Therefore every car owner is a prospect. Old cars in use should be watched and whenever the owner of such a car is ready to exchange or to buy a new one outright the dealer should be ready to place his proposition before him. Some automobile dealers have found it an excellent plan to get active prospects by circularizing the owners of all cars more than a year old in their territory, calling attention to the advantages of the new car and pointing out how an exchange may be readily made. An effective method followed by several car dealers is to have boys pass through

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the streets where cars are parked and attach a tag to the windshield of each with a statement that "This car may be exchanged for a new car at Blank Automobile Company by the payment of a moderate difference."

Special methods of securing names.—Through continued circularization, solicitation and sale of accessories, gasoline, oil and other supplies to car owners in the community the car dealer should be able to keep closely enough in touch with car owners in the community to know when they are to become purchasers of new cars and also to help establish relations that will be helpful in effecting the sale at that time. One of the important reasons why automobile dealers should handle accessories, oil and supplies, is that they may be in position to work in close contact with those who will sooner or later be in the market for new cars.

Real estate transfers in the community are watched by some dealers for prospects. Sellers of real estate are solicited. A real estate sale is considered as the medium through which the prospect obtains enough money so that he may, if he wishes, purchase a car. Announcements of marriages are followed up by other automobile dealers. It is asserted that husbands of young women from families owning cars make most excellent prospects.

Returned officers and soldiers if in business or if employed should make excellent prospects. Heads of families in which there are young officers or soldiers are excellent prospects for cars. The effect of the military life will undoubtedly be to increase the demand for automobiles among army men.

If the car the dealer handles runs into considerable money it is obvious that the prospect list must be confined to those who have a certain amount of means. The automobile dealer can get a line on classes within his territory financially able to buy cars by using the tax lists, by looking up names of stock holders of corporations, by reference to

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social blue-books, and by securing lists of charge customers of the best stores in town.

For accessories and supplies the prospects are of course the car owners, and the names of these can be readily obtained. Automobile dealers should not fail to remind his prospects of these lines, of his house, and his goods at least once a month. Just how this may be carried out is more fully described in a following chapter on "The Automobile Dealer's Advertising."

The prospect record.—Experience has shown that the best form of prospect record is a card file, one card for each prospect. Each card should have appropriate spaces for name, address and other information concerning the prospect's business, his standing in community, his special interests, uses for a car, whether he owns a car at the present time or not, and, if so, what make, when he is likely to be in the market for a new car, what he will want to pay, and so on.

Obviously the prospect file is one of the most valuable assets of the dealer's business, therefore careful attention needs to be given to building it up and keeping it in good condition. Periodically, at least as often as every six months, the entire list should be gone over with a view of culling out the names of persons who for one reason or another are no longer prospects. New names should be added whenever and wherever they can be secured. Emphasis should be placed on the point that every man in the organization, whether he be a salesman or a repair man, if connected with the business, it is his duty to report the name of persons discovered who may become prospects for automobiles.

Preliminary information about prospects.—The prospect list furnishes the material with which salesmen of the organization can set to work. But in addition to the information usually contained in the prospect file, before setting

WHO PROSPECTS ARE AND HOW TO FIND THEM

out to make the actual solicitation, most automobile dealers and their salesmen find it advantageous to find out about their prospects in considerable detail. If the salesman has a knowledge of his prospect's business, his earnings, his reputation with other business men and his various other interests, he will be in a much better position than one who merely takes a chance on his prospect's wanting to buy a car on a general solicitation.

As a part of this preliminary study of the prospect, before setting out to make the personal solicitation, the salesman should determine so far as possible precisely what his prospect's needs are for an auto. This will make it possible for the salesman to determine what salespoints to emphasize. For example, the main point with certain prospects may be that the automobile will prove *profitable*. For others, the main argument may be that of *convenience*. For still others it may be for the *pleasure* it will give. In the books on salesmanship, this preliminary study of a prospect is known as the "preparation" or "pre-approach." Stated in simple terms it is merely determining in advance what main points of the sales talk can be used and how they shall be stated.

CHAPTER VI

MANAGEMENT OF EMPLOYEES

Good employees needed.—One of the first essentials to the success of an automobile business is to have the right sort of employees. Not only good salesmen but also the right sort of repair men, mechanics, and so on. Employees can make or break any business, and between the extremes there may be all classes of variations. Therefore the manager of the business can scarcely give his attention to any more important matter than surrounding himself with the right type of employees. An ounce of care used in the selection of employees is worth a pound of management after the employees have been hired.

Analysis of job.—The first step to securing the right employee is a careful analysis of the work that is to be done by that employee after hired. Whether the position be great or small, whether the duties are numerous or few, an excellent plan to follow is to set down in writing every kind of work that it is expected or hoped the employee will be able to do. It is urged that this should be done in writing for the reason that writing makes the manager think closely, and therefore helps him to define exactly not only the work to be done, but also the kind of employees to do the work.

Study of applicant.—The applicant for a position should be studied carefully to determine whether he will fit in with the needs of the place. It is important that this should be done in detail. Judgment based on but a few qualities is the

MANAGEMENT OF EMPLOYEES

chief cause of most misfit selections. One of the greatest mistakes comes from judging the prospective employee from the first appearances. First impressions are valuable but are frequently misleading. Some of the best salesmen in the automobile business would never have been selected for their positions if first impressions were the only basis for their selection.

A check list needed.—The only way to make sure that applicants are given thorough consideration, and, from their standpoint, a fair chance, is to use a check list of all the points that are to be considered in looking over your man. No one would think of judging cattle, horses, sheep, or dogs without such a check list. In judging live stock such check lists are called score cards. You wouldn't want to take chances on buying used cars of a variety of makes by considering only the looks of the upholstery. Similarly, it is just as important to consider every detail in buying the services of employees.

A model application blank.—The best form of check list for use in employing help is a thoroughly worked out application blank calling for fairly complete statements about the applicant, and to be filled out by the applicant himself. Even if only a few employees are hired in a year's time, it is advisable to have blanks printed or duplicated for this purpose. A good working model is presented in Figure 2. It is intended to be suggestive. Changes or additions should be made to suit local conditions.

In addition to the interviews and the use of an application blank, the employer should satisfy himself still further upon the qualifications of the applicant by carefully looking up the references presented. There are those who claim ability to judge qualifications of applicants for positions by observation and conference, but experience has shown that careful observation when accompanied by investigation of references brings the best results.

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FIGURE 2

APPLICATION FOR EMPLOYMENT

New Castle Auto Co.,

New Castle, Mo.

1. Position desired.....2. Date.....
3. Name.....4. Present address.....
5. Telephone number.....6. Permanent address.....
7. Date of birth.....8. Place of birth.....
9. If born outside of this country, are you naturalized.....
1st papers.....2nd papers.....
10. What is your religion. (Applicant need not answer if he does not care to).....
11. Name and address of nearest relative.....
12. Single or married.....13. How many and whom do you support.....
14. Are you looking for a permanent position or a temporary one.....
15. What preference, if any, have you as to the kind of work you wish to do
.....
16. Are you willing to do any kind of work which may be assigned to you.....
17. Do you object to work which will necessitate your traveling.....
18. Are you employed.....19. Reason for desiring to change.....
.....
20. When can you begin work.....21. Salary expected now.....
22. What do you think your earning capacity should be within two years.....

23. Education	How many years	Name of location of school	Year of finishing and course
Grammar School
High School
Business School
College
Other

MANAGEMENT OF EMPLOYEES

24. How do you use your spare time at present.....
25. What papers and magazines do you read regularly.....
26. What is your favorite form of recreation.....
27. Do you live with your parents.....or relatives.....
28. Do you board.....rent an apartment.....own your own home.....

29. EXPERIENCE.	Position Held	Employed From	To	Salary received Minimum	Maximum
Give names of the firms you have worked for be- ginning with the last.					

Name.....

Address.....

Reference.....	Address.....
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96.
97.
98.
99.
100.

Name.....

Address.....

Reference.....	Address.....
----------------	--------------

Name.....

Address.....

Reference.....	Address.....
----------------	--------------

30. What work, that you have done in the past, did you do the best.....

31. How much of last year were you ill.....Nature of illness.....

32. Have you any physical defects.....Nature of defects.....

33. How is your eyesight.....34. How is your hearing.....

35. What is your height.....36. What is your weight.....

37. What besides pay is important to you in a job.....

38. PERSONAL REFERENCES. (Give names of at least three people who have known you for at least five years. They must not be relatives or previous employers)

Name _____

Address

Occupation

(Signed)

Date of interview.....By whom interviewed.....

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Salaries.—A salesman's salary is theoretically and really his share in the profits of the business. This share he has himself earned for the business. Practically, however, salaries are determined largely by market conditions of the supply of salesmen and the rate at which they are willing to work.

The ideal method of remunerating salesmen has probably not yet been worked out. The customary methods are to pay so much per week or month, or a certain commission based on sales. Commissions vary but in a good many instances they amount to 5%.

Commissions.—Remuneration on the basis of time has little to recommend it except that it is customary in most businesses. It does not furnish the direct incentive to secure results that the commission plan supplies. On the other hand, the commission plan is not ideal. There is considerable work to be done by an automobile salesman which in itself does not directly bring in business, and which would be largely neglected if the salesman is paid on the commission basis. The salesman paid so much per week or month is more likely to look out for the interests of the house in a long range way than the one who is paid 5% of his sales.

Perhaps a better form of remuneration is a combination of a time rate and a commission. This can be accomplished by allowing the salesman a drawing account or a certain definite amount per week and a commission on gross sales, or, on sales above a certain point.

Quotas and bonuses.—When the remuneration takes the form of a salary and of a commission paid on sales above a certain amount, it is usually called a quota and bonus system. Such a system can be made very effective if care is used in setting the quota and if a sufficient commission or bonus is granted for results above that quota. The bonus or commission presumably gets all of the results from the individual that he can produce. And the assurance that there

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will be a regular weekly salary no matter what the results turn out to be, removes the objectionable feature generally mentioned in the discussions against the commission payment plans. The quota and bonus plan thus secures the best efforts from the salesmen, shows up the drones, and tends to make them think about their work.

One point that needs to be observed in fixing a quota, under the quota and bonus plan, is that the quota must not be placed too high. It should be possible for an average man to reach his quota and, by exerting special effort, to pass it. The salary fixed should be an average salary such as an average man might presumably earn. The bonus or commission above that salary should represent a return for special ability and special effort.

Naturally the quota if fixed by the month, will vary from season to season, and from month to month. If the quota is placed too high it will be too difficult to secure the bonus and the salesmen will grow discouraged and will cease trying. It should be entirely possible to earn some part of the bonus. On the other hand, if the quota is placed too low, the firm will lose. If the salesman does not have to exert some special effort to get the bonus, there might as well not be any bonus. It should in this case be considered a part of the regular salary or as a gift.

The amount of the commission for sales above quota may run somewhat lower than the percentage cost of selling. For example, if it is found that salesmen's salaries and commissions amount to 5% of their sales then 5% may be taken as the percentage the straight salary should bear to sales. That is to say, a salesman whose salary amounts to \$40 per week should have sales amounting to \$800 per week. If his sales fall below \$800 per week it can be seen that his business is unprofitable. Now on passing the quota most concerns fix upon a bonus or commission somewhat lower than the rate at which the salary levels are fixed, as

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for example, $2\frac{1}{2}$ or 3% of sales in concerns in which the cost of selling runs about 5%. So if a salesman whose salary is \$40 per week and has a quota of \$800 sales per week, actually sells \$1200 per week, he has passed his quota by \$400. If allowed a bonus of $2\frac{1}{2}$ % on sales above this quota, his money bonus will amount to \$10 and his income per week will therefore be \$50.

The net result for this man then is that the cost of selling is not 5% of sales but just a fraction more than 4%. The arrangement of the quota and bonus plan thus gives the salesman a direct incentive to secure greater results week by week, and at the same time helps the management to reduce the percentage costs of the sales.

Profit sharing.—A great deal is being said nowadays about profit sharing plans for salesmen and other employees and a few words may not be out of place about this subject.

Profit sharing is carried on in several different ways, the commonest being as follows:

1. Of the net profit for the year, after all expenses and salaries of employees and of management are paid, and after all replacements and reserves are provided for, a few concerns now share profits by first giving capital a share of from 6 to 8 or 10% interest, as it were. The remainder is distributed among the owners and the employees, in some cases divided evenly, half going to the owners and half to the employees. In other cases $\frac{3}{4}$ of the profit remaining go to the owner and $\frac{1}{4}$ to the employee.
2. Of the net profits for the year some concerns make a division into three equal parts, one to go to capital, one to the management, and a third to labor or to the employees. Since the management's share is accounted for under the first plan in the form of salaries the main difference between the two methods is

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that in the first plan a limited percentage is taken as the share for the firm's capital, while in the second plan capital and labor share alike.

3. The commonest method of profit sharing is really not profit sharing at all except in name. Of the total net profits of a concern at the end of the year the management arbitrarily sets aside a certain amount to be distributed among its employees. There is no principle involved in this. It is merely a gift from the management to the employee. The employee does not know in advance what he is to get. After he gets it he doesn't know upon what basis it has been given. It is effective merely as a gift is effective. It has its value as a form of remuneration, but to call it profit sharing is to use the term very loosely indeed.

The usual method of dividing profit sharing funds among individual employees seems to be on the basis of salary received. Thus an employee getting \$40 a week usually receives twice as much as the one getting \$20 a week. Assuming that the salaries are already justly rated, this method of distribution seems fairly adequate.

Profit sharing rewards team work and co-operation. It tends to draw the employee more closely to the concern, and in some notable instances has increased the interest of the employees remarkably in the business.

To serve most effectually the distribution of profits should be made as frequently as every six months if possible. A year between distributions is a long time to wait for most people. Salesmen, particularly, have short memories and are very ready to discount the future when under temptation to shirk or let work slip by. If the distribution is made every six months, the amount will of course not be as large as at the end of the year, but if the business has been

successful the amount may seem worth while even for the lowest paid employee.

Some who have considered profit sharing carefully, say that it is wrong in theory since it is one-sided. They claim that profit sharing does not take into consideration the possibility of losses. If the business fails to make profits but on the other hand comes out at the end of six months or a year with losses, they say, the employee should in principle share in the losses. Whether this view is correct, in theory or not, it is wholly unpracticable. Employees can never be expected to make up business losses by a reduction of salary or otherwise. It would be impossible. This point of view about profit sharing is wrong. The main purpose of profit sharing is to get employees to take a keen and active interest in the business. It is a premium paid for extra services, for stronger loyalty and for more constructive thinking. A share of the profits of the concern is an easy concrete proposition with which to stir the minds of the employee to think for the same thing that the employer is thinking about—more profit. What the employee finally gets is plain remuneration for his extra work, loyalty, or thinking.

A certain indefiniteness in the mind of the employee as to the exact amount of the profit contributes to its successful operation provided there is certainty that effort will bring results. A well managed profit sharing plan aims at showing employees that the greater the effort the greater the profit resulting.

Stock ownership.—There is one other form of profit sharing, which when practicable is perhaps the best of them all, and that is employee ownership of stock. Where the concern has been organized as a corporation, and where it may be possible to sell stock to the employees, the result of such stock distribution is that the purchasers of this stock have a legal interest in the firm that arouses their

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working interest in a wonderful way. They begin to feel that they have a stake in the progress of the concern. They are indeed part owners. An increasing number of automobile concerns as well as of businesses in other lines are adopting this form of profit sharing, and it is to be expected that many more will follow this plan in the future.

Other incentives.—An effective system of remuneration, whether it be in the form of salary, commission, quota and bonus, or profit sharing, is a most important method to secure the interest and co-operation of the employee for the good of the business but it is not the only means. Opportunity for advancement, recognition for services performed, opportunity to exercise authority even if within a very limited field, opportunity for carrying out self developed plans are all important incentives which should receive consideration from the employer who desires the best results from his employees.

Training employees.—Every business manager who must have the help of employees must give consideration to the problem of training them for his work. It is not always possible to secure employees who have already had just the right training and experience to do the work without additional help along this line. There is but one way out of this problem and that is for the business manager to set about in a systematic way to provide the means of making up the deficiency.

Training may be provided in the form of personal instruction and advice given in the course of the work. The only difficulty about this method is that the average manager has his time so fully occupied that it is difficult to give attention to the development of his employees in the way that they need.

There is no question but that a well worked out apprenticeship plan, particularly for those employees working in the shop, is one of the best for developing employee ability.

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When a young man can be found who is willing to give three or four years to learning to be an all round automobile mechanic, the result is usually highly satisfactory not only to the concern but also to the young employee also. The chief difficulty, is in getting a young man in these days who will agree to work for the necessary amount of time to learn the business.

A salesman can be helped effectually by trips to the factory making the car which he sells, by reading the trade papers covering the automobile field, and by study of books on salesmanship covering the subject in a general way. Any employee, be he salesman or mechanic, who fails to read the trade papers covering the automobile business is overlooking one of the most important methods of keeping up to date and of advancing in his line of work.

It will be noted that in the application blank presented in this chapter one of the questions that are asked of the applicant is:

“What papers and magazines do you read regularly?”

An applicant who replies that he is carefully following the trade papers in the field in which he desires employment, by that fact alone, deserves careful consideration. His mind is open and growing.

Not the least of the good sources of education and information for the enterprising salesman is the advertising matter put out by the house producing the car which he has to sell and by the manufacturers producing competing lines of automobiles. This matter is usually prepared by very able men who have made intensive studies of sales methods and who have incorporated those methods in the literature that they give out. Good advertising not only gives information about the car it is trying to sell. If intelligently studied it also gives ideas on how to present sales points to customers. Good advertising helps a salesman by showing him both *what* and *how*.

CHAPTER VII

SOME DESIRABLE QUALITIES AUTOMOBILE SALESMEN SHOULD POSSESS

In the selection of salesmen for the automobile business so far as possible, the manager needs to take into consideration certain personal qualities or qualifications, in addition to experience or training, that will fit for selling. To succeed in selling automobiles as well as in selling other important lines a man should have the qualities described in the following paragraphs in a marked degree.

Health.—A salesman should not only be free from illness, but he should have health and its accompaniment, surplus energy in abundance. A salesman's health is to a large extent under his own control. The conditions are sensible eating, the right amount of sleep, appropriate clothing, fresh air breathing and exercise.

Personality.—Good health helps to make good personality. It makes a man optimistic and happy. These qualities are needed by every man who has to deal with people. But tire salesmen also need to be agreeable, likable men of good appearance, openminded and helpful in their attitudes, quiet, earnest and straightforward in their behavior.

Honesty.—Absolute honesty to the Company that employs him and to the customers of the Company, as well as to others, is required of every employee of the Company. Honesty refers not only to money and property but also to the use of time and ability.

Industry.—Other things being equal, the automobile sales-

man who sees the most dealers each week and labors most diligently is going to be most successful. A lazy man who sticks to his job hurts three parties—himself, in not doing his best; his company, in not getting the business that it should have; and another man who would make more of his opportunities if given a chance at the territory. Experience shows in every line that consistent, intelligent “plugging” counts for more than genius in salesmanship.

Tact.—Tact is the ability to do and to say the right thing at the right time and place; to avoid giving offense; to sense the mental attitude of other people. The first necessity of tact is an open mind and a desire to understand and sympathize with the thoughts of others. Selfish people are never tactful, because they are thinking too much about themselves. Selfishness and thoughtlessness are the two causes of tactlessness. A salesman should be careful not to offend in any regard, to note quickly by the expression of the dealer whether he (the salesman) is on dangerous or safe ground and to seek to gain good-will by both word and action. Tact is non-resistant upon all unessential matters. There is a rule of good salesmanship. “Never argue.” To argue means to irritate. To irritate in any way is tactlessness.

Knowledge concerning merchandise and of business methods.—Salesmanship is not in the class of unskilled labor. It is not a trade. It is, or should be, a profession. A salesman is paid for his brains and his ability to use his brains. A brain cannot produce something out of nothing, any more than a carpenter can build a house without lumber. Knowledge is the raw material with which the brain works. Therefore the salesman should get knowledge from every possible source to help his brains produce. He should study trade papers; read books on business and salesmanship; read up on car dealers’ problems; find out about cars in all lines; inform himself.

QUALITIES SALESMEN SHOULD POSSESS

Confidence in his own ability to sell cars.—Ability to talk intelligently, sympathetically, logically and tactfully. This quality means the ability to use the knowledge you have concerning your line and business to advantage. Customers are human beings, the same as the rest of us. They do the best they know how to do to succeed. Many of them do not know that the car offered will bring them the most profit and satisfaction. Many do not know how to get the best results from its ownership. They can't be expected to buy until they become interested. It is impossible to become interested without understanding. They won't understand until they are given the facts by yourself, by the Company's advertising, or by the testimony of consumers, or by a combination of these methods. The salesman must TEACH the customer the many advantages of owning the car.

Enthusiasm.—Enthusiasm is confidence in action. You must know your merchandise and your work before you can have confidence,—the greater the knowledge the greater the confidence. Knowledge and confidence make the work agreeable and you must like your work in order to be enthusiastic. A salesman must have enthusiasm. He is paid for having it. Reason expresses itself in cold language, but enthusiasm shows itself in the ring of the voice, the interested face, the brightness of the eye, the tension of the body and gestures that emphasize thought. Reason carries no appeal to the heart, but enthusiasm is contagious.

Customers can't help becoming enthusiastic over what the salesman finds so interesting. In addition to knowledge and confidence in your goods and in your proposition, to be enthusiastic you must have your body full of energy. You can't be enthusiastic when sick. You can't be enthusiastic with your belly full of indigestible food. You can't be enthusiastic if you haven't had sleep enough; you can't be enthusiastic if you are worrying about anything;

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you won't be enthusiastic if you have a lazy streak in you. YET, SALESMANSHIP DEMANDS ENTHUSIASM. If you would be a salesman, you must have enthusiasm, not frothy, superficial, affected, make-believe enthusiasm, but enthusiasm that comes from the heart.

CHAPTER VIII

WHAT THE AUTOMOBILE SALESMAN SHOULD KNOW ABOUT HIS CAR

Salesman cannot be technically trained.—In discussions concerning the preparation of a salesman for his work, the point frequently comes up whether an automobile salesman should be technically trained or not. There are those who believe that a salesman should be equipped with a thorough ground work of technical knowledge. Some go so far as to state that good salesmen must be technically trained men. Necessarily there are but few men to be had for the sales field who have had such technical training in automotive engineering. And if all organizations were to be made up of this class of salesmen there would be but few sales organizations and the sales costs would probably be very high.

As a matter of fact automobiles are sold principally by salesmen who are not technically trained, so that this point is more theoretical than practical.

There are others, however, who go to the opposite extreme and say that technical knowledge of any kind is a damage to an automobile salesman. Presumably this position is taken on the theory that a little knowledge is a dangerous thing, and that a salesman who possesses a slight knowledge about the technology of automobiles, when getting into a discussion with a prospect, involves himself so deeply that he confuses his prospect as well as himself. Further, it is urged, that most automobile prospects are not

so much interested in the technology of the car as they are in the service of the car. This is undoubtedly right. Deep discussions on the engineering features of a car have no place in a sales talk except in so far as they may be used to prove that the car can deliver certain services or that it possesses certain qualities.

Knowledge needed by salesmen.—While most cars are sold by salesmen who have little or no technical knowledge about their cars, all who have observed the sale of cars will agree that the best salesmen are those whose knowledge is complete enough so that they can satisfactorily answer any question raised by their prospective customers. It is the misuse of technical information that gets the salesman into trouble. If a question about the technology of the car cannot be answered in a simple manner, it had better not be answered at all. Ordinarily the salesman loses nothing of his influence with his prospective customer if he frankly states with respect to some technical question concerning his car that he cannot answer it. But if he attempts to answer it, and does so ineffectually, or in a manner that the prospect does not understand, he invariably harms his sales chances. If the writer were an automobile salesman he would use every effort to gain as much technical knowledge as possible about the line that he attempts to sell. He would hold before him the idea of equipping himself so well that he would be able to answer any questions about the car that any prospect might ask.

How to secure the knowledge needed.—How shall this information be obtained? The real caliber of a salesman for growth is represented better by his ingenuity in getting knowledge about the product he is trying to sell than in any other way. Some of the best ways most commonly used are the following:

First, by study of the literature issued by the factory producing the car, including their catalogs and advertising

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matter. In addition to the sales talk commonly included, there is generally presented something of the technical side of the car and its construction. Every part should be carefully absorbed.

Second, by study of the literature of other and competing car companies in the same manner as of the company whose lines the salesman is selling.

Third, by study of the car itself, by handling and running it. An automobile salesman must know how to run a car, and should know what to do with it in most emergencies.

Fourth, by study of books on automobiles and automobilizing. There are now several excellent little technical manuals on automobiles, any one of which will give the automobile salesman an excellent fund of knowledge which he may draw upon as he may require.

Fifth, by visits to the factory producing the car. Certainly every automobile dealer should visit the factory producing the car he is to sell. It may not always be possible for the salesman to visit the factory, but the dealer himself can, if he tries, convey a good share of the information gained at the factory to his salesmen, concerning the methods used by the factory in the construction of the car. Every salesman should plan to visit the factory sooner or later.

The dealer should give consideration to a plan, that has been successfully carried out in many places, of sending his salesmen to the factory making the car they sell as a reward for special effort or for success in passing some pre-determined sales quota. The trip to factory is always an excellent sales incentive. It is usually more powerful than an offer of the amount of the money the trip may cost. But the outlay is certain to produce returns after the trip as well as before.

Sixth, by study of current periodical literature, including the house organs and trade papers of the automobile field. The automobile salesman who neglects this important source

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of information is shutting off an important avenue through which to gain a practical automobile selling education.

What salesman should know about his car.—Specifically the automobile salesman should know and be able to state what he knows about the design, finish and general lines of his car. He should know its dimensions and weight accurately and also, similarly, the figures for competing cars. He should know what its load and speed capacities are.

The most vital part of the automobile, of course, is the engine. It is difficult to see how one can be a good automobile salesman without understanding the principle of the internal combustion engine. In this connection the salesman should understand and be able to demonstrate the principle of the carburetor used in the engine in his car, and to be able to outline its advantages. He should know the dimensions of the engine bore and stroke, not only of his car, but of competing cars as well.

He should certainly be familiar with the parts, the operation and methods of taking care of the starting and lighting systems used in his car. Such knowledge as this should furnish the salesman with a number of excellent sales points. The same is true for such details of the car as its clutch, the transmission, driving shaft, axle construction, brake, steering gear and oiling system. Perhaps the average customer does not care much about the technical construction of the steering gear, but he is certainly interested in knowing that it will not easily get out of order. By means of his knowledge of the construction of the steering gear the salesman may be able to prove to the prospective customer that in his car the steering gear is perfectly safe. It is important in connection with all of these points that the salesman should know what the parts are made of and why.

The finishing touches on a car are usually more appreciated by customers than the internal out-of-sight mechanism and particularly by women. The salesman should be

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fully acquainted with the methods of finishing the edges of the body, the kind and quality of trimmings used, the quality of plating, of varnish, and of finish applied and so forth, and should be able to point out these details to observant prospective customers. Occasionally these details of construction carry more weight in a sales argument than information concerning the bore and stroke of the motor. As the technical mechanism of automobiles approaches nearer and nearer to perfection sales emphasis must be placed more and more upon such points. In the construction of most cars there are parts used made by well known manufacturers, manufacturers with national reputations for quality goods. The salesman who is familiar with his automobile and all of its parts will make the most of this fact. If the carburetor, bearings, brake lining, upholstery material, axle, or other parts come from any of these well known makers, the salesman can capitalize his sales talk on the use of these as against his competitors who do not use them. The make of tires with which the car is equipped may similarly constitute a sales point giving prestige to the car. Information regarding these parts can usually be obtained readily by writing to the manufacturers of these parts.

Exclusive features.—Exclusive features not found in other cars, particularly not found in other cars of the same class, should be known and understood by the salesman who should emphasize them in his sales talks to his prospects. The individuality of a car depends very largely upon its exclusive features, so after a prospective customer has been sold on the value of motor transportation for his use his decision to accept one car rather than another will depend very largely upon these special features, any one of which may be small in itself but taken as an additional feature to the general service offered by the car it may turn the sale in the direction that the salesman wishes it to.

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Costs of operation.—The salesman should also be fully familiar with the cost of operation of his car, expressed in cost of oil, gas, tires, upkeep and so forth, so that his prospect may be informed in a concrete way what it will probably cost him to run and keep a car after he has purchased it. Costs of operation may not figure so extensively in considerations where the car is to be used for purely pleasure purposes, but where the car is bought for business uses costs of operation are important considerations. It is to be expected as time goes on and as the market for the automobile expands that more and more thought will be given by prospective customers to what it will cost to run and to keep a car. It is believed that salesmen will have to give more attention to these items, particularly to having the knowledge and the ability to handle it in such a way that their customers may see concretely what their costs will be in their particular businesses. Computing costs of operation and probable profits from the use of the car in advance are services that salesmen must be able to perform for their prospects. In the sale of motor trucks this is now one of the most important points. It will become more important as time goes on in the sale of passenger cars.

Knowledge about the car makers.—Finally, the salesman should know something about the concern making the car which he is to sell. In this connection he should know its history, its growth and struggles upward, its capacity and reputation. Whether he has visited the factory or not it would seem essential that he should know something of the manufacturing processes, at least in a general way. This information can be gained from the company's literature almost as well as from a visit to the factory, if the salesman will expend a little effort in study to get the information.

Knowledge about the manufacturer gives depth and feeling to the salesman's knowledge about the car. It gives

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him a mental perspective of the automobile business. He comes to see his place in the business, his importance, and his line of advance and progress. The salesman who knows the manufacturers by name, their personal qualities, their reputation and so on is likely to be a strongly sympathetic booster for their line of cars, not only as a business proposition, but also because he naturally wants to be a booster.

Inspections and tests.—One of the most interesting facts about the manufacture of an automobile, the knowledge of which contributes to the confidence that the salesman may have in a car and the confidence that he may in turn convey to his prospective customer, is the exhaustive inspections and tests that the manufacturer of his car employs to secure excellence and uniformity of product. In the first place, all of the materials are tested to make certain that they come up to the specifications of the purchasing department. The testings of metals, of cover materials, of springs, of the woodwork, of paints and varnishes, are all extremely technical and scientific. Were it not for the well developed technique used in the testing laboratories of the automobile manufacturers, it would be impossible to put out cars so uniformly good as they do at the present time. Careful testing of materials not only insures uniformity of product but also cheapness of product. It costs a little more to have materials well tested before they go into the machine but in the long run it means the product will run longer, better, and more economically.

In a similar manner, in the manufacture of the various parts supplied to the car manufacturer by parts manufacturers, there is the same degree of care and attention given to the material entering into their construction.

For example, in the manufacture of tires, at least in some of the leading companies, there is one inspector to every ten or twelve workmen. These inspectors are usually paid bonuses to discover anything that may be weak or

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wrong in the output of the workmen. The workmen themselves are in some cases fined for errors and where piece work is the method their reduced output due to having part of their product rejected affects their pocket-books. So you have both workmen and inspectors operating with the strongest of interests, the pocket-book interest, in the direction of putting out a product as free from imperfections as possible.

In addition to the preliminary tests of the materials there are exhaustive tests applied to all of the parts before assembling. Careful tests are made of the springs before placing them in the car to insure the proper balance of strength and resilience with firmness. Axles and other parts of the car bearing the strain of travel are put to severe tests for strength. Tests are also made of the brakes to see that they operate perfectly. The electrical equipment is thoroughly tested.

Finally before the body of the car is put in position the car is given a thorough road test by an automobile expert who makes any needed final adjustments and in this way tunes it up so that it will give perfect service when it reaches the final user.

Knowledge about the company and its process of manufacture will probably show the automobile salesman that the people back of the company making the car he sells include leading technical experts whose experience and abilities help to make the car as nearly perfect as possible.

Before a salesman can do his best work in selling any car he must be fully sold himself and there is no method by which a salesman can be so thoroughly self impressed with the qualities of the car he has to sell as by knowing in detail what goes into it, how it is constructed and with what care the tests and inspections are made.

CHAPTER IX

HIGH LIGHTS ON AUTOMOBILE SALESMANSHIP

Steps of the sale.—In some books on salesmanship, a great deal of attention is given to the so-called “steps of the sale.” These steps are usually said to include: First, the approach. Second, getting the prospect’s attention. Third, securing his interest. Fourth, developing a desire, and fifth securing the order.

Stated in another way, salesmanship, according to this analysis, is merely securing a customer’s attention, and concentrating that attention in an interesting way up to the point where the customer finally desires to own what the salesman has to offer to him.

It is likely to be confusing if too much thought is given to these steps of the sale. In actual selling there can scarcely be said to be any well defined progress from one step to another. The prospect’s mind simply passes from a state of no interest at all to one of deep interest in what the salesman has to offer. Study of steps of the sale is merely one of the many helpful methods of understanding the mental processes of the prospective customer.

In this chapter we shall pursue a somewhat different study of the sale process. We shall indicate suggestions that may be applied by the salesman to his prospective customers. It is not to be presumed that all of them can always be applied. In this regard as in every other the salesman must use his common sense and native ability.

Time your calls.—After a salesman has made his prelimi-

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nary study of the prospects that he plans to visit on a certain day, he should if possible time his visit to each of his prospects based on his knowledge of these people. It is best to see some people in the forenoon. Others can be sold easiest just after lunch. This suggestion has its dangerous side, in that some salesmen are likely to think that they should not call at all on a prospect except at a certain time of day, and not having other prospects to call on in the meantime, they may waste or fritter away their time waiting for that opportune time making up but the smallest fraction of the day. Most successful salesmen, in comparison with those who are less successful, work a greater number of hours in actual solicitation per day. In fact usually the best salesman is the one who works longest, and sees the most prospects. The significance of the suggestion is that some prospective customers may be seen more readily in the morning than in the afternoons, while others may be more readily seen in the evenings than during the day. With this knowledge picked up beforehand the salesman may find it possible to map out his trip or call schedule so as to bring the most effective results.

Attitude of salesman towards prospect.—Having decided upon the time to call, the salesman should start out to see his prospect with the idea that he will want the car he has to sell as soon as he understands the service that he can get from it and the terms under which it can be bought. In offering the car and his proposition to a prospective customer, the salesman should remember that the prospect will be benefited just as much as, if not more than, the salesman. Usually it is not best to use a card unless absolutely necessary especially at the first call. A prospect will take the card and look at it rather than at the salesman. If the salesman can get the attention of the prospect to himself and what he has to say right at the start, the prospect is more likely to continue to hear the entire proposition the salesman

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wishes to make. Obviously the salesman should look his prospect straight in the eye while stating his opening remarks.

If the prospect is busy the salesman should not interrupt for more than a moment. It will be well however to let the prospect know that he is there and to wait patiently until the prospect has finished his business.

Courtesy.—Every salesman should be very careful that he does not offend in the slightest detail. He should be sure that every impression that the prospect gains from him is right in regard to such matters as manner, his voice, his salutation, his appearance, and so on.

Whether to shake hands or not is a matter concerning which no rule can be stated. In small towns, particularly in the towns in the South and West, it is customary to shake hands, and the salesman who does not may be considered a snob. In the larger cities where prospects are as a rule busier, or think they are, and who see more salesmen, hand shaking is not so common. A salesman must judge for himself what to do. If hand shaking is the thing to do, it should be done whole-heartedly, and as gladly with the dirty hand of a mechanic as with the clean trim hand of the chief of an office. It should be done cordially or not at all.

Get on a common plane with prospect.—The salesman should aim to put himself on the same plane as his prospect as quickly as possible. Sometimes a very brief commonplace remark about business, the crops, the weather, or what not, particularly if the remark is optimistic, will prove helpful, particularly in country territory.

In a country town surrounded by farmers there is constant interest, such as most live city people can scarcely understand, in such things as weather, crops, roads, and so on. Good weather, good crops, good roads, mean prosperity to all in the country town.

The salesman should aim to make the opening remark

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pleasing to his prospect. He should refrain from referring to matters that are not pleasant. If the weather is bad, he should not add to his prospect's misery by referring to it. If business is bad the salesman will make a mistake to ask how business is. The salesman should be brief, he should use tact, he should aim to get through his business as quickly as possible.

Introductory remark.—In introducing himself, the standard method for the salesman is to tell his prospect frankly who he is, and what he represents. That is far from being the only method however. Some good salesmen open their conversation with a prospect by some remark or other, as for example, "If you had used a car this morning you could have saved three quarters of an hour of your time." Usually, if well founded, a remark to the effect that increases can be made in earnings, or that savings can be made in expense, may be interesting ways of opening the conversation.

Get prospect to say "Yes."—The salesman should make every effort to get the prospect into a receptive mood towards his proposal. He should aim to secure agreement with the prospect in his opening remark. Get him to say "yes," rather than "no." Aim to get him into yes-saying mental attitude. As a rule it is poor strategy to start the prospect out saying "no." It is much easier to close a deal with a man who has been giving his affirmation and saying "yes" to everything that you have proposed up to getting the order, than it is for a man who has already disagreed and objected and said "no" several times.

Manner of sales talk.—The salesman should be deeply interested in what his prospect has to say but should watch for his opportunity to continue his own proposition. In a general way the salesman should agree so far as possible and never argue with a customer. In manner he should be earnest, in his sales talk he should be frank but pleasant

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and his eyes should indicate the same interest in his proposition as his speech. Joking in a sales talk is entirely out of place. It destroys the atmosphere of sincerity, which the salesman must convey if he is to make a sale, and joking is as likely to create opposition in the mind of a prospect as it is to gain favor.

Watch prospect's expression.—A skillful salesman always watches his customer's expression carefully and on the basis of what he reads in the customer's expression, he adjusts his own line of thinking and sales talk. In fact the chief difference between an expert salesman and a poor one is that the expert can more quickly read what is going on in his prospect's mind and thereby guide what he has to say to suit the conditions that he sees arising. The expert salesman doesn't wait for the prospect to tell him that this or that is not desirable. He sees in advance that objection or disagreement is coming and wards it off either by changing the subject or by answering the coming objection before it has been definitely raised.

Making appointments.—If the salesman cannot place his proposition before his prospect at the time of his first call, he should, if possible, secure an appointment for a later visit, and if the prospect names the time of the next appointment it is usually a good plan for the salesman to write it down on a card or in a book in the prospect's presence. Some salesmen have a good plan of writing down the time of the appointment on a card and then handing the card to the prospect. If the appointment is made several days off the salesman should write the prospect in advance of the call reminding him of the time and stating that the writer will call. When calling by appointment the salesman should remember that he has the right of way and that it is his duty to get down to business at once. At this time he should waste no time on talk in other lines unless the prospect starts the conversation in these lines.

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Stating the proposition.—When the salesman finally has an opportunity to place his proposition before his prospect he should make sure that he has the prospect's undivided attention, and then should state his proposition as clearly and completely as possible. He should not assume that the prospect knows anything about the car, if he did he would be an owner of one already. Naturally the point of his first interview in most cases will be to get the prospect to agree to come to the automobile store to have the car demonstrated to him.

After the prospect has come to the automobile dealer's place of business, the actual sales talk should be presented. This should include the sales points enumerated in another chapter. As a rule it is wise to use rather conservative statements at the start of the sales talk and to close with the strongest point. Sometimes, however, it may be necessary to make a strong statement at the beginning in order to attract the prospect's attention. But the latter is a much overworked method.

Study the methods of successful attorneys.—A good salesman usually follows the method of a successful attorney in presenting his case to a jury. This method consists, first, in a statement of what is to be proved; second, in a presentation of the evidence, point by point; and finally a summary of all the points brought out. The lawyer then closes with a peroration in which he makes the suggestion to the jury to decide in his favor. The automobile salesman would do well to study the methods of successful attorneys for successful attorneys are really successful salesmen. The winning of a case before a jury is nothing more nor less than the same sort of salesmanship that the automobile salesman has to use every day.

Be sure the prospect understands.—The salesman should watch the prospect to see that he understands. It will not do merely to ask him if he understands, because in this case

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most prospects will easily answer that they do, even when they do not. An average prospect will not admit that he does not understand. The salesman should make sure that he does. He should not be afraid to repeat if he thinks this is necessary. But the repetition should, if possible, change the form of the expression. The salesman should test the prospect from time to time to see if he is in agreement with him. For example, after he has been told of some constructive detail, in the car, the salesman can say, "Don't you think this is an excellent point?" If he answers "yes," the salesman may know that he is making progress. Of course throughout the demonstration the salesman should aim to ask questions that will draw "yes" from the prospect.

There is strategy in the arrangement of the sales points that are to be presented to the prospect in a sales talk. The salesman should make up his mind in advance in what order he will present them and just what he will say about each. He should have his points at his tongue's end. Mere memorizing is not enough. He should know his points and have the necessary vocabulary to tell about them to suit any set of conditions.

Appeal to all of the senses.—The salesman must keep in mind that the sale is finally made up in the mind of the prospect. And therefore the mind must be reached. This can only be accomplished through the senses—eyesight, hearing, touch, and so on. The automobile salesman must appeal not only through the eye and through the ear but also through the sense of touch. Let the prospect handle the various parts of the car. Details should be pointed out. Let the prospect hear about them. Let him see them. Let him handle them. Take no chances. Get the ideas into your prospect's mind in every possible way.

Appeal to "you."—At all times in the sales talk the salesman should appeal to his prospect's interest. He should keep the "I" attitude out, and the "YOU?" attitude forward.

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The proposition is for the prospect and not for the salesman. The prospect must be benefited. The salesman must show the prospect how he will be helped by owning the car. Use the pronoun "YOU" frequently and the "I" seldom.

Interruptions.—If for any reason the sales talk is interrupted, the salesman should show no impatience. If many minutes intervene before the prospect can return to the proposition that the salesman is trying to make, the salesman will do well to review the last point before taking up another. Many a sale is lost because of interruptions during which both the prospect and the salesman cool off and lose their interest. So extra effort must be made to keep up interest under trying circumstances.

How to close the sale.—When the sales demonstration has been made and the prospect has become acquainted with the principal points of the car and may be presumed to understand the proposition in a fair way and at the same time has exhibited an intelligent interest leading the salesman to believe there is some prospect of his wanting to own the car, then the salesman should begin to try to close the sale. The usual and best way followed by most experienced salesmen when closing is to summarize the main points already brought out as forcibly as possible. Some salesmen write them down point by point on a blackboard or chart or sheet of paper for the prospect. Then they tell the prospect what his gains will be and then pause for a moment and watch for the prospect's reaction. If the prospect begins to ask about prices and terms the salesman may know that he is thinking business.

Courage.—A salesman needs courage in closing. If the demonstration has been complete and all objections answered he should assume that the sale is made and in most cases should get his order blank and start to write, perhaps asking at the same time, what time the prospect would like to

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have the car delivered, or what equipment the prospect would like if there is a choice in this matter, or similar questions requiring the customer to express himself on the proposition. It is usually better to get the prospect to decide on some small matter, such as called for in suggestions like those made above, than it is to ask point blank if he cares to buy the car.

Persistence.—The salesman should be persistent, he should not quit just before the prospect decides, as many of them do. The prospect should be given time in many cases and this is where the salesman needs patience and good humor. Most salesmen are weak in their ability to close sales successfully. Part of this is due to lack of persistence.

Salesmen must inspire confidence.—It should be remembered throughout that the prospect's confidence in the salesman is what makes it possible for the salesman to make the sale. The prospect must believe what is told him before he will accept the conclusion to which the sales points presented are supposed to lead. Therefore, the salesman should do everything to make it easy for the prospect to believe. His points should be made clearly, the prospect should be shown concretely, he should be led to see for himself. The salesman's attitude and action should inspire confidence. The salesman should show that he means what he says, not by loud talk but by quiet forcibleness and earnestness. A salesman's reputation for reliability is a great asset. Therefore he should be careful to keep his promises and having made a promise, to keep it to the letter. He should do more than what he agrees to do if it is a matter of personal service. His record should speak for itself.

After the sales talk is finished and some decision has been reached, the prospect should be thanked whether he is sold or not. If he has decided to take the car he should be thanked for that. If he has not decided, he should be thanked for his time. The simple words, "thank you," are more

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potent good-will builders than any other single item that might be named.

After the prospect has actually decided to buy the car then is the time to show him in detail how to use it and how to take care of it.

Selling women.—Women have something to say in nearly every sale of passenger cars. Women have the deciding voice in the majority of sales. An automobile salesman will surely fail who does not fit his sales plans to this condition. The sales points that appeal to men do not always appeal with equal strength to women.

For example, women do not as a rule interest themselves in the mechanical details. You hardly ever see women interested in the chassis as you see men studying it. A woman as a rule gives more attention to the individuality, the beauty, the style, the color, the upholstery and the finishing touches of the car. This is true for the reason that these things appeal more strongly to a woman than to a man. Again, she is very much interested in the effect the car will produce in the minds of her friends when they see her riding in it. Her decision often depends upon what she thinks will give her the best standing among her friends.

If the woman "in the case" plans to drive the car herself she will be particularly interested in noting how easily the car may be controlled and managed.

When a man and his wife both appear at the demonstration the salesman must use his best judgment as to whom to talk the most. Certainly he should keep the attention of both. When in doubt, most salesmen talk to the woman. If she can be fully sold, they feel they are more sure of getting the assent of the man. Women generally have the final decision on color, lines, and so on even if men decide on the make of car.

However these suggestions must be interpreted carefully. Since the war it has been noted that a great many women

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are interested in mechanical details of the car. They seem to be flattered by having salesmen explain mechanical processes to them. There are more women now than ever before who really understand and take an interest in mechanics.

Finally, even if the woman decides, the salesman should not forget that the husband furnishes the money and likes to think that he is getting full credit for that much.

Having to sell both men and women is what makes automobile salesmanship complicated, but at the same time the most interesting kind of salesmanship in the world.

CHAPTER X

DEMONSTRATING THE CAR

The object in demonstration is to get the prospective customer to see the advantages of buying the car you have to sell, his need for motor transportation. To accomplish this object the salesman must plan to get certain definite ideas about his car over to the prospect. The sales points will vary somewhat from car to car, but a general summary may nevertheless be helpful.

The sales points of the car.—The points that interest the prospective customer about a car are, respectively:

Its service

Ease of operation

Comfortable riding qualities

Safety

Durability

Whether possible to keep in order easily or not

Beauty and style

Costs of operation

Service of car.—The service that the car can give is the fundamental consideration. Consequently in selling a car the salesman will point out and elaborate on what the car will do for the customer in the way of saving his time, his labor, his money, and so on. From another angle the customer may be shown the pleasure, the satisfaction, and the sense of freedom that the use of the car will bring. But whether the car is to be used for business or pleasure the

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greatest possible emphasis should be placed upon the point, "It will save your time."

Ease of operation.—The customer is interested in the ease of operation of the car, the ease with which it may be started, how the power can be controlled, how to stop the car, how to change speeds, how to apply the brakes, and how to apply the emergency brakes. He is particularly interested to know how all of these operations can be performed in the slightest amount of time and with the least possible expenditure of thought and energy. He is interested to know that the means of performing all of these things, the buttons, switches and levers, are very close at hand.

Comfortableness.—Most customers may be presumed to be interested in the comfortable riding qualities of the car. So the salesman should demonstrate the cushion qualities, the height of the seats, the angle at which they are inclined, how it feels to sit in the car, whether the passenger will be fatigued after a long journey or not, the smoothness with which the car rides over rough roads, and so on.

Safety.—Every prospective customer will be interested in the safety of the car, therefore it will be of interest to demonstrate clearly how quickly the car may be stopped if necessary, what the brake construction is, whether it can be relied upon under all circumstances, and whether the car will tip over or not. Here the salesman has an excellent opportunity of making a sales point based on the fact that the car has a low center of gravity and that it is very difficult for it to tip or roll over. The prospective customer will also be interested in the steering gear, its ease of operation, its quick responsiveness, its fool-proof construction, and so on.

Durability.—One of the chief deterrents in most prospects' minds, particularly among those who have never owned cars before, is the belief that a car soon wears out or goes to pieces. This belief is based on observation of

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cars as they used to be a few years ago. Owners then frequently traded off their cars or discarded them after a year, or at most after two years, of service. These prospects have not kept up their knowledge with the procession of improvements in the automobile field. They do not know how durable the modern car is. They do not know that the standard car of to-day can be bought with the view of using it for several years. It is the business of the salesman to teach this.

Not easily damaged.—The customer is interested in knowing whether or not the car may be damaged easily. It is unsafe to urge that a car will stand misuse. Prospective users should be taught to take the best possible care of a car rather than to form habits of carelessness. But there are many prospects who perhaps would become buyers of cars if they were not fearful of the expense for repairs due to injuries. A well built car will stand a great deal of misuse if it has to.

Easily kept in condition.—The customer is interested in knowing whether keeping the car in order will be a difficult matter or not, how it may be kept clean and fresh looking, how much or how little labor it requires to keep it in order. It will help in many cases to show the prospect how slight these problems are, and how, with a little planning, they need be no burden at all.

Beauty and style.—The beauty and the style of the car adds to the enjoyment of its service. The automobile is not only a great convenience and time saver, it is an ornament. It is a work of art. It thereby adds to the satisfaction and enjoyment of life. Let this point sink into the prospect's mind. Get him to see the artistic points about your car, the nicety of its lines, the elegance of its fittings, and its attractive appearance, both when standing still and when in motion. These added features of the car are what sell it.

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Cost of operation.—Finally the customer is interested in costs of operation, as has been pointed out in a previous chapter, what it will cost for gasoline, what it will cost for oil, what will be the tire cost, what will be the up-keep cost, etc. The first three of these items are directly proportional to the amount of mileage that the prospective customer runs. The last is a matter of time as well as of use. A car owner who runs his car but two or three thousand miles a year will naturally have a low cost for gas, oil and tires, while the one who runs his car ten or twenty thousand miles a year will have a high cost. It may be possible to point out to the prospect who is questioning the economy of the car that by careful driving and use, the normal costs may be greatly reduced. Probably the greater part of the expense incurred by most car owners is inexcusable waste.

Not all customers alike.—Not all customers are alike, therefore all of these points will not have the same importance in all cases. To one, the service that the car can render in a business way will be the most important consideration. To another, its convenience and comfort will be the leading item. To a third, the car as a means of relaxation and getting away from business will be the point of emphasis. To a fourth, the ease of operation will be the turning point in arriving at a decision to buy.

Car saves time.—The service of the car is the fundamental reason why it should be purchased. The main point in the service of the car is that it saves time. The salesman needs to emphasize this in every possible way to his prospect, "It will save you time."

We all know that a draft due 60 days hence is not worth its full face value at present. We know that we must pay interest for the use of money, but we are not as a nation of business men so fully aware of the meaning of time in the operation of production and distribution of goods. The most significant movement in modern business methods is

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that of clearly bringing out the importance of turnover and of balancing costs against time in our computation of prospective profits or income. We have heard much of our wastefulness and the need of conservation, but we are only beginning to realize that there is no waste so enormous and so expensive both to the nation and to individual business as the waste of time.

The automobile is the one great outstanding invention of this era for the economizing of time.

The saving of time is important in every direction. It is as important in our leisure as in our business. One thing that the war taught was the grim philosophical truth that life is uncertain and short, and that the way to live is to live from day to day. Satisfaction in living must come from continuous daily satisfactions rather than by waiting for it to come all in a lump at some far off distant day. The automobile ministers to this philosophy. It gives enjoyment in its use. It takes the rider with a minimum waste of time from where he is, to where he wants to be. It helps its owner to master his environment.

Demonstrating the car.—Usually the demonstration of the car begins at the dealer's place of business. In some cases it may be best to conduct the demonstration at the prospect's place of business or home, but the best place to sell a car is undoubtedly in the dealer's place of business.

Precautions.—Before beginning a demonstration either of a new car or one used for demonstration purposes, the salesman should assure himself that the car is in good order. Take no chances on this. Look over the car to see that it is clean and inviting to the prospect. A demonstration car should ordinarily be a new car, but very few automobile dealers find that they can use a car for demonstration purposes more than one season. In fact some of them use the demonstrator for less time than this. In rare instances, it

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appears, some dealers can, by handling the car very carefully, continue its use into the second season.

When the car is shown to the customer, an effort should be made to get the customer to see the car as a whole first, to note its outline and its design; and, while the customer is looking at the car from a distance, the salesman may begin his sales talk by giving its general dimensions, the length of wheel base, its power, and so on.

As soon as possible after this first view the salesman should try to get the prospect, particularly if it is a man, into the car and into the driver's seat behind the wheel. When the prospect has been comfortably seated the salesman may point out to him the various features easily seen from the driver's seat, such as the ease of operation, the readiness with which all of the levers can be reached, and how easily the car can be controlled. In this way the imagination of the prospect can be exercised. Nearly every prospect is stirred by the pleasure of knowing that the machine beneath him will respond to his touch. There is a sort of enchantment in being able to control so easily a thing so powerful as an automobile mechanism.

Next, the prospect may be shown the comfortable riding qualities of the car, the cushions, the height of the seats, the inclination of the backs of the seats, and so on. It may be a good plan to show the prospect the cushion construction in the tonneau, and the roominess and provisions for the comfort and convenience of the rider. The salesman should outline and emphasize the exclusive features of the car that he is trying to sell. It is impossible to enumerate such features here since these differ from car to car, but it is highly important that the salesman should mention these significant points or the result will be that he merely sells automobile transportation in general rather than his own particular car.

After the prospect has had an opportunity to examine the

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car in detail and to note its finish, its ease of operation, its comfortableness and safety, the next step logically would be to give him a ride in the car or one like it.

Demonstrating during stormy weather.—If the weather permits it, the top, if the car has one, should be thrown back so that the prospect may have an unobstructed view on the demonstration trip. When an appointment has been made for a demonstration trip, it is well to go on with it even if the weather is not favorable. If a closed car is used for the purpose the demonstration may be made very effective by showing what the car will do on a stormy day. In fact, one of the best times to demonstrate a car is during bad weather or during the winter time, since most people who are not familiar with the use of a car think that bad weather precludes its use. There are a great many people who believe that cars cannot be used during the winter. This is a fallacy that automobile dealers and their salesmen need to overcome. By demonstrating the car in stormy weather, or when the streets and roads are snowy, wet, or muddy, prospective customers can be educated on the use of cars not only during good weather but during bad weather as well.

Make the most of mishaps.—In the demonstration of a car every precaution should be taken to prevent any chances of anything that might lead to mishap. The car itself should be properly overhauled before use. There should be a sufficient amount of gasoline in the tank. There should be oil where needed. The tires should be in good condition.

The driver should not be permitted to speed the car, not only in order that there may be no possible chance of accident, but also because prospective customers who have not themselves driven or owned cars are likely to grow nervous if the car is driven too fast.

If a mishap does occur, as it sometimes will in the middle of a demonstration, the salesman or demonstrator should

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attempt to make the most of it in a favorable manner. For example, if a tire blows out, a skillful salesman will invite the prospective customer to see just how he takes off the old tire and puts on a new one, with a remark that, "These things do sometimes happen and one might just as well know what to do in an emergency of this kind."

When to talk price.—After the car has been properly demonstrated to the customer, then it is time to speak of its price and terms of sale. Ordinarily, however, the prospect inquires the price of the car long before the demonstration is completed. The best way to handle this situation seems to be to give the prospect a definite answer concerning the price whenever he asks for it, but to return as directly as possible to the sales story and try to avoid, until that time, any discussion as to whether the price is too much or not.

As already indicated in a number of places, the salesman can impress his prospect best by pointing out the obvious features of the car and the services that it performs, rather than its mechanical details. The mechanical construction of a car exists only and solely for the purpose of fitting it to perform the services.

How to prove sales points.—There are two ways in which the salesman can prove the sales points about the service of the car to his prospect. One is by reference to the mechanical construction of the car showing that because of the construction, in such and such ways, the service that he describes can be delivered, and the other is by reference to the use the car is already delivering to other owners. Most customers are interested in what other car users are getting out of their cars, and for this reason, if the salesman is well equipped with knowledge concerning the number of cars in use, of the make that he is selling, and the statistics of adjustment (if they are available), together with information concerning the use of his car in difficult places, as, for ex-

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ample, in endurance runs, and in all classes and kinds of territories and roads—this information can be put to good use. For many prospects the testimonial is the best proof of a sales point. Every salesman should be equipped with testimonials, and with names of present owners, if possible, who may be used as references on the performance of the car.

The best type of testimonial on cars in use, probably, is that concerning cars actually used in near-by territory. Mention of the car owners by name, particularly if these car owners are leading people in the community, is generally effective. Satisfied users are the best advertisements for any kind of merchandise and particularly automobiles. The owners of cars not only tell other people of their satisfaction but dealers and salesmen may usually freely refer prospective customers to satisfied owners for information.

Testimonials and references have always proved effective in sales demonstrations and no salesman of automobiles can afford to overlook their use in his line of business.

CHAPTER XI

OBJECTIONS AND HOW TO MEET THEM

No matter how well the sales talk may have been prepared, and no matter how well the salesman may have presented it, it is almost certain that with most customers there will be objections arising which the salesmen will need to be able to answer in a satisfactory way.

Sizing up the objection.—The first thing that the salesman should consider when confronted by an objection is whether the prospective customer who has raised the objection is really in earnest about it or not. There are certain objections which may best be handled by ignoring them, particularly if the prospect merely raises it for the purpose of testing the salesman rather than in the hope of clearing up his own mind about the matter. The best way of handling the insincere type of objection is by changing the subject as quickly as possible.

Then the salesman should also assure himself that the objection raised is the real objection and not merely a superficial one. Customers sometimes conceal their real objections and explain their hesitancy by raising an insignificant point. Under such circumstances a salesman is merely wasting his energy and talk by trying to answer the obvious or superficial question raised by the objecting prospect, while the real objection remains untouched.

If the objection is a sincere one, then it deserves the most sincere attention of the salesman.

Meet in advance.—Experienced salesmen agree that the

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best way to answer a real objection, if they foresee its coming, is to answer it in advance. If the prospective customer is permitted to voice his objection the very fact that he has expressed it gives it added strength in his mind, and it thereupon becomes more difficult to answer than it otherwise would.

Don't contradict.—It is best never to contradict in answering an objection. Clever salesmen agree with the objecting prospect as far as possible, and then raise some exception causing the prospect to get a new slant on the matter with the hope that this may undermine the objection. The following are some of the common objections, with suggestions on how to meet them.

Too busy.—The commonest objection met by most salesmen on seeking interviews with prospects is that the prospect is "too busy" to talk with the salesman. When the prospect makes this point the salesman should at once try to secure an appointment for a later date, and this can be effectively arranged in most cases by actually suggesting a later time, as for example, "How would 2.30 this afternoon be?" or, "Very well, but it will take me only seven minutes to tell you our proposition," or, merely asking, "What time shall I call?"

Price too high.—After the demonstration, the most frequent objection made by prospective customers is, "your price is too high." In answer to this the salesman may reply somewhat as follows:

"The price of all standard cars is based upon the materials and cost of manufacture. There are other cars that cost less and therefore sell for less, but in the automobile field the same as in every other, you get just about what you pay for. The Blank car is sold at just about as low a price as a car of this quality can be sold. Competition is very keen in the automobile business. Inflated prices could not

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possibly succeed. We possess every advantage in manufacture and our prices are as low as they can be."

"It isn't what you pay, but what you get for what you pay, that counts. You want service. That is what this car is built to deliver and far in excess of what may be obtained from most cars. If our price seems high to you at first, remember that it is for the extra built-in qualities in the car that you are paying."

"There are cars sold for less money but none with the quality of giving the service behind them that this car has. Don't you think that the margin in price between our car and the one you have in mind is a low price to pay for the added security or quality or the elegance you get when you buy ours?"

"There are cheaper cars than ours. Ours is not a cheap car. It is not a high priced car. Look at it. See the way it is finished in every detail. This perfect finish and good appearance is due to the fact that we employ the best skilled workmen and use the most perfect equipment that it is possible to secure. By this means we get a perfect car in every detail."

The salesman may enumerate sales points that he has already gone over to give the prospect an impression of the number of excellences of his car, and thus make him forget about the price.

Can't afford it.—Another objection commonly met is, "I can't afford it." In reply to this objection the salesman must prove its economy by showing how the prospect can put it to use to save time that may be utilized in adding to the prospect's income in other ways. It may also be possible to describe in reply to this objection the easy terms of payment that the firm may be in position to offer.

Sometimes the prospect may say, "I don't want a car now, but may buy one later." When the prospect holds this thought in mind perhaps the best line of reasoning to fol-

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low is to inquire whether he can afford to put off the purchasing of a car and to follow up this by pointing out precisely what he will lose if he postpones the purchase, emphasizing those particular details which apparently impressed him most in the first part of the sales demonstration.

Objections to technical details.—If a prospect objects “Your car is too light,” or “too heavy,” the reply may be made, that it is not the weight of the car that gives it its service qualities or its excellence, that the weight is but an incident of the construction. If the car is a light one, points may be made in its favor on the saving of gasoline and tires.

Sometimes the customer objects to the service policy of the company, in this case one line of reply is as follows:

“You pay for what you get. More service could be given but then a higher price would have to be asked. If you are a careful driver you would have to contribute in your higher price to cover the service that would have to be given to the poorer driver’s car.”

CHAPTER XII

ADVERTISING TO SECURE BUSINESS

Why advertise.—The object of advertising is to reach out and bring in prospects. Its purpose is to supplement personal salesmanship. No salesman can see more than a few prospects each day. It takes time to educate each prospect on what you have to offer him. If any method will search your territory for prospects and give them a start in the sales proposition you wish to make to them, you will save the labor of your salesmen. This is precisely what advertising does. It paves the way for easier personal selling.

Persistent advertising is a need of every retail automobile business. Not to use it is as bad as to run a car without lubricant. Advertising makes large scale business possible. If properly done, advertising helps to create confidence.

It establishes reputation and thereby helps to bring in prospects who might otherwise go to competitors. It insures against competition. Most concerns sooner or later must meet keen competition. If there has been a confidence and reputation built up over a period of past time by persistent advertising backed by fair dealing, this competition may be much more easily met.

Advertising develops good-will, and enlarges trade. A dealer who does not use advertising thereby shuts off one of the best methods of expanding his business. Even if he has but a small amount of capital, he should certainly set aside a part of it, for the purpose of letting people know

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who he is, *where* he is located, *what* he has to sell, and *why* people should buy from him.

What is advertising.—Advertising in a large sense includes everything that is done to attract trade. It includes good window display. It may very properly be considered as including the architecture and appearance of the building in which the dealer has his place of business. It includes the help that may be obtained from satisfied customers within the territory. More specifically, however, advertising as generally considered includes printed and written matter.

It includes bill boards, road signs, circulars, booklets, catalogs as well as advertising in newspapers and periodicals. In this chapter we shall speak for the most part of advertising in this narrower sense.

How much to spend.—The first step that the automobile dealer needs to take when about to begin advertising is to decide on what amount, or about what amount of money, he intends to expend for advertising during the time for which the plan is to be made. Usually the amount expended is taken as some percentage of the sales that are to be expected or of the sales of the similar preceding period. Many progressive concerns expend about 2% of their sales for the various forms of advertising. Others expend only 1%, while still others expend 3 and even 4%. In this as in every other line of expenditure in the business, it is not what is expended, but what the concern gets out of what it expends, that counts. If the advertising is properly done it is probable that most concerns can spend at least 2% very profitably.

The plan.—The next step is laying out a general campaign plan for the period for which the appropriation is made. Usually a year is taken as the proper amount of time for such general plans. It may not be necessary to outline in detail just what shall be done during each month, but some view of the year as a whole and what may naturally be

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thought of as a good thing to do during every part of the year should be considered in advance. Retailers of all classes who have made successes of their business, agree that if advertising is to be effective, it must be continuous. That is to say, a splurge now and then is likely to be so much money and energy wasted. If the effort is continuous, even if small, the results cumulate and that is what the dealer desires.

When to advertise.—Since most cars are sold during the spring, probably the heaviest advertising should be concentrated at, or just before, this time. But it is a mistake to advertise only at times when most people have been in the habit of buying cars. The car is an all year around convenience, and there is no reason why it should not be purchased in the fall, or any other time, as well as in the spring. The only reason that it is not so purchased is because dealers and salesmen have not yet begun to promote sales out of season, so called, in a systematic manner. Therefore the dealer should plan to advertise not only during the height of the buying season but at other times as well.

If the dealer handles accessories and supplies, the advertising may alternate, emphasizing cars at one time and accessories of various kinds at other times. To illustrate, advertising about New Year's time may push the winter use of cars and the sale of such accessories and supplies as the following:

Foot warmers, tops for automobiles, robes, antifreezing radiator mixtures, etc. A month later, Lincoln's and Washington's birthdays may be celebrated by the advertising of tools needed by automobile owners, such as jacks, winch sets, pliers, pumps, etc.

These are things that the car owner will need, particularly if his car is not being used during the winter time, when he overhauls his automobile in the spring and makes it ready for summer use. During the later part of February

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and March the emphasis may be placed upon buying the new car or trading in the old car for a new car. There may also be advertised at this time such lines as tires, slip covers for the seats, new lights, improved parts, chains, and so on. Later on in the summer the emphasis may very well be placed on such items as camping outfits, touring accessories, etc. In the fall the advertising may be turned to such items as portable vulcanizing outfits, tire repair materials, flash lights and lenses for the automobile lamps. Lamps and lenses become very necessary as the days grow shorter. Just before Christmas advertising may well be directed to the friends and relatives of the automobile owner prompting them to purchase Christmas presents from among automobile supplies offered by the dealer.

Thus it will be seen that there is sufficient opportunity in an automobile dealer's stock to keep up a continuous story all the year around, something new every time, something that will attract the attention of the automobile owner and that will bring in profitable business for the dealer.

Probably the advertising campaign should provide for something to go out to the people in the dealer's territory at least once a month and oftener if possible.

Mediums to use.—The medium through which to convey the advertising story may vary from time to time. But certainly a live dealer with a fair territory should consider using his local newspapers, together with letters and road signs, at least, as leading ways of conveying his advertising messages.

Newspapers secure the attention of the general public. Letters may be directed more specifically to prospect lists, road signs serve the purpose of calling the attention of the transient traveler, as well as helping to keep the name of the dealer constantly before the residents of the territory.

Co-operation of all departments.—An excellent plan followed by some dealers is to make all of the advertising me-

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diums used by the dealer tell the same story at the same time. For example, when an important story is conveyed through newspaper advertising, the prospect also receives a letter covering this point, and the window displays in the dealer's place of business also display the merchandise advertised in newspapers and by letter. Finally, the salesmen in the establishment are fully posted on the advertising campaign so as to supplement the effort by special sales effort inside the store when prospective customers come in. To illustrate, not only do they sell the advertised goods to those who come in for them, but also, if a customer comes in for oil, gasoline, or for some other regular staple article, the salesman co-operates with the advertising by suggesting, "Mr. Blank, have you seen that we are advertising electric automobile horns at the present time?"

If the customer happens to be in need of the article advertised, the mere suggestion in this timely way by the salesman is sufficient to make the sale. Opportunities such as these should not be overlooked.

Obviously such suggestions should not be made in a manner objectionable to the customer. But there can be nothing objectionable in merely calling attention to the fact that a certain article is being advertised in such and such papers as suggested above. If the suggestion is made in a sensible way it will meet with no objection. Making the suggestion can do no harm to the customers who are already provided with the articles that are advertised and it is likely to make sales in cases where customers are not so provided.

Care must be used by the dealer in selecting the local newspapers which are read by the people who are likely to furnish the best prospects for automobiles and automobile supplies. Furthermore study needs to be made of the circulation of the papers selected to determine which day or days are the best for advertising automobiles. To illustrate, on some days newspapers are more carefully read by women

than by men. If the advertising is intended to reach the attention of women, then it should be placed in the newspapers on those days. These days are usually the ones in which the leading stores of the community advertise. Men as a rule are more interested in the advertising in newspapers on those days when special financial or business articles appear. Whatever the local newspaper conditions may be, they should be understood by the dealer before placing his advertising in the papers.

Who should write copy?—As to the copy that is to be used, it should be some one's duty, preferably the manager's own business, to prepare the advertising that is to be placed in these newspapers. Writing advertising is a difficult matter at best. Most concerns seem to agree, however, that the best results are obtained when the advertising is written just as a good salesman would talk, with this provision, that each advertisement should confine itself to some one or a few simple points and not attempt to cover too much ground. The object of the advertisement, it should be borne in mind, is to attract attention and to secure interest for a brief moment in some point about merchandise that the dealer has to sell, and all advertisement writing aims to carry out this point. In a small concern, the chances are that no one is so well fitted to write the copy as the manager. There is no duty more important. Some of the most successful dealers, even in the smallest towns, spend a good deal of time in planning and preparing the advertising. They find that it pays.

Letters.—Letters and circulars constitute the most specific and direct form of advertising that an automobile dealer can use, but naturally, to be productive, require that the dealer must have the right sort of a mailing list.

Something has already been presented in another chapter on the preparation of a list of prospects. The prospect

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list is or should be the mailing list. The prospect list or file may be classified in a variety of ways.

As for example, those who are prospects for automobiles for business reasons, those who are prospects for cars for pleasure or recreational purposes, those who are already owners of automobiles but who should own new ones, and so on. Letters written to these various classes of prospects will naturally vary. By classifying them it may be possible to prepare form letters which may appear very much like personal statements. Considerable time can profitably be expended in the preparation of suitable form letters, whereas in the writing of an individual letter, if there are many letters to write as well as many other duties to perform, it may not be possible to give sufficient time to secure a good letter.

In letter writing, as in advertising writing, the main point is to get away from formality and to write as a salesman would talk. It is also highly important that the letter should be legible, clean and neat looking. These qualifications give the letter an inviting appearance and help its chances of being read by the one who receives it.

Road signs.—Road signs are usually very effective as an aid in securing trade from transients or tourists traveling through a dealer's territory. They are sometimes made to serve the purpose of indicating which direction and how far it is to the dealer's town, thus serving as guide posts as well as advertisements. To be continuously effective, however, it is necessary that the dealer should see that they are kept in good condition. At least once a year they should be renewed, repainted and repaired. Dilapidated signs are worse than nothing, they advertise by their appearance just the quality that the dealers do not wish to have advertised.

Manufacturers' aids.—Manufacturers of automobiles, tires, accessories, and producers of oils and gas, many of

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them at least, have very effective dealer's service departments that can be put to good use by the dealer. The materials prepared and put out by these concerns range all the way from window displays to copy for local newspaper advertising. The dealer will find much of this material very helpful. It is usually prepared by high salaried specialists and while some of it has occasionally been impractical in the past, as a general rule, it is growing better and better. It would be a mistake to overlook it. In fact some automobile dealers have found that advertisements prepared and written in the car manufacturer's advertising department serve much more effectively than any they would have time to write themselves.

The letters prepared by certain car companies for their dealers are most excellently done and can be profitably used. Booklets, pamphlets and circulars prepared by manufacturers may also be used by including, from time to time, letters or circulars issued to the prospect list. Probably there should never be a piece of mail sent out from a dealer's place of business, not even a monthly statement, without a bit or two of advertising included. In this way postage is saved and some advertising value is gained.

Most manufacturers are glad to co-operate with dealers in their advertising campaigns. If they are not they should be, and the dealer who will write about his plans to the manufacturers who supply him with goods, will frequently receive very valuable aid in a number of directions.

Many of the leading manufacturers now advertise in a national way. Probably a considerable number of the dealer's own prospects are influenced in some degree by this national advertising. Therefore, whenever it is possible, it is usually profitable to tie up the local advertising with the national advertising. For example, many dealers use the full page "ads" appearing in the national magazines, suitably framed, in their window displays at the time those

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“ads” are appearing in the magazines. Sometimes dealers reproduce the “ads” appearing in national periodicals in their local papers, calling attention to the fact that they are the local representatives of the concerns doing the national advertising. In other cases, the dealers co-operate with the national advertising by telling the same story as told by the manufacturer so that prospective customers may be influenced both by the national advertising and the local advertising. It is also possible for salesmen to make use of the national advertising; in the first place, by familiarizing themselves with the arguments advanced therein and by using these arguments as a part of their own sales talk, and also by referring to the national advertising as a proof of the prestige of the car, or of the accessory offered for sale.

How to cash in on national advertising.—A great deal of money is expended in national advertising, and the manufacturers would not expend these sums were it not for the fact that it helps to make sales. Therefore, if it helps the manufacturers to sell, it should also help the dealer to sell, and the dealer should line up his own campaign so as to make the greatest possible use of this aid.

Finally the dealer should not overlook the possibilities of obtaining publicity in the local papers. Whether he advertises or not, but certainly if he does advertise, the local papers are quite likely to want news about the great automobile industry which the dealer represents. The story of its growth is one of the biggest romances of all history. There is nothing more interesting in the business world than the development of the automobile industry. So the dealer who will make use of this opportunity will have the chance to obtain considerable space in which the public may be told of what is going on in the automobile world, thereby helping to increase the general interest in and appetite for automobiles, and at the same time keep the public thinking about his place of business in the community.

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When the dealer obtains a new shipment of automobiles it is quite certain that the local papers will be delighted to make a news item of that fact. When a new salesman is employed, when a new department is established, when some new accessory or automobile device is placed upon the market, these are legitimate news items that will interest the newspapers and the reading public and help the automobile trade at the same time.

Free publicity.—In publicity, as well as in advertising, the car manufacturer may be able to help the dealer, and the dealer should not be overmodest in his requests for such information. At the same time he should not overlook the value of forming an acquaintance with the editors of the papers in a way that will make it possible for him to tip off to them important news items concerning the happenings in the automobile field.

The following subjects will suggest the possibilities of publicity in local papers to which the automobile dealer can connect his name: local registrations, state registrations, national registrations, attendance of dealer at national automobile meetings, performance tests of automobiles, performance tests of tires, development of road building, automobile racing, automobile shows, purchases of automobiles by local people, new developments in automobiling, the story of the development of automobiles, and comparisons of automobiles at present with those of twenty years ago.

Similarly stories may be worked up for various accessories, tires, gas and oils.

Automobile shows.—One of the best forms of advertising of a special nature is the local automobile show. In co-operation there is strength. If the automobile dealers of a community will get together, secure the help of their car suppliers and arrange an automobile show, secure the right sort of quarters and prepare an interesting program, almost without fail a crowd of interested people are at-

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tracted. The interest in automobiles is heightened, a large number of new prospects are developed and some sales may be effected at that time. If properly managed an automobile show is as effective a sales plan as any that can be devised.

Through the means of running an automobile show, a great deal of publicity can be obtained in the local papers of a nature that will help develop the interest in automobiling, and not only are the sales in automobiles increased, but in accessories as well.

An automobile show is a practical possibility not only for large cities but for small towns as well. A show can be conducted in any center where several cars are sold, no matter how small.

The way to start an automobile show, the way it has been done in several cases, is as follows:

First, let some live dealer, let us say the reader of this book, take the initiative and talk the thing over with the other dealers in the town.

Second, it may be best to begin by organizing an Automobile Dealers' Association as the means of carrying out the project. Such an association can be very helpful to the individual dealers in a number of other ways as well as the means through which to run the show.

Third, a committee of the A. D. A. should be appointed to determine when and where the show can be successfully held. If there is an armory, a big storehouse with empty space, or if there is a group of county fair buildings available, the problem of a suitable place may be easily solved. Naturally the latter part of the winter or early spring is the best time of the year for the show.

Fourth, when a place and time has been determined, separate committees may be appointed to attend to publicity, location of individual exhibits, and program. Each should draw up its plans in detail and present its reports for the approval of the association before going ahead.

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The publicity should be most carefully worked out. The co-operation of the newspapers should be secured. Manufacturers' advertising departments should be called on for help in supplying copy. The local commercial club should be interested in the movement as a thing good for the community. The individual members of the association should all plan to advertise heavily. The country around should be placarded announcing the show. Schools and social organizations may also be called in to help to advertise the show.

The program committee has an opportunity to make a hit. In medium sized towns, a most effective departure from old fashioned show programs is to conduct an educational program on automobiles for both present and prospective car owners. It may be called "An Automobilst's Short Course."

Such an educational program might well include concrete instruction, using actual cars and car parts in demonstration, on such points as the following:

- Gas engine principles and types
- Fuels and carburetors
- Carburetor adjustment
- Ignition systems
- Magnetos, care and adjustment
- Governing and cooling mechanisms
- Lubrication
- Testing horse power rating
- Valve timing and adjustment of parts
- Engine troubles
- Clutch adjustments
- Etc.

It may be possible to get manufacturers to send representatives to give general talks or illustrated lectures on such subjects as:

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"The Story of the Automobile"

"From Rubber Plantation to Automobile Tire"

"How Good Lubricating Oils Are Made"

Etc.

A program presenting such matter as this would be exceedingly valuable from an educational standpoint. If properly promoted it is certain to draw crowds. Effort should be made to get women to attend in large numbers. High school students may be invited for certain sessions. So far as possible the meeting should be made a community affair, one that will be remembered long after it is closed. An educational program such as this will do the trick.

The program should be so arranged as to permit of ample time for the people who attend to look over cars on exhibition.

The results of an automobile show, if properly managed, should be as follows:

First, greatly increased opportunities to sell cars. Many new prospects may be added to the live prospect file, when sales are not closed.

Second, greatly increased interest in automobiling throughout the community. This will help to increase the demand for cars and all things that are used in automobiling.

Third, the show will greatly increase the sphere of influence of the dealers. Their fellow townsmen will begin to give them more credit for live wire hustling, and they will become better known. Their territories may be greatly extended. This is certain to help in their business.

Fourth, the automobile show, properly carried on, gives prestige to the dealers not only with their townsmen and customers, but also with the automobile, parts

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and accessory manufacturers. Competing dealers learn to know each other better, usually with growing respect for each other.

Automobile shows are strongly advised wherever it may be possible to carry them on. Shows constitute a form of advertising that should not be overlooked.

CHAPTER XIII

MAKING MONEY FROM ACCESSORIES

Instance after instance has come to the attention of the writer of the failure of automobile dealers to take up the sale of automobile supplies, accessories, repair materials, etc., with the consequence that these lines have been adopted by hardware dealers, repair shop men, and even department stores. There may be, and undoubtedly are in many instances, excellent reasons why the automobile dealers should not take up the sale of these side lines, but the reason is scarcely ever that it would not be profitable.

Automobile dealer logical outlet for accessories.—The automobile dealer who has combined with his business the sale of accessories, gasoline, oils, tires, etc., has something to sell to the public all of the time, all of the year around. These materials make excellent advertising aids even for his cars. He can keep his place of business before the public all of the time. He can use these materials in making attractive window displays, which will help to bring trade that is profitable in itself, but at the same time attract people into the store who may in one way or another help the dealer in the sale of additional cars. The dealer who handles tires and accessories can make his place of business highly attractive, and very much more profitable, than the dealer who sells only automobiles and who attempts to make his place of business attractive by means of rubber trees, ferns, and fancy office furniture.

Car owners naturally think of the tire dealer as a source

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of supply for the things needed in connection with the use of the automobile. The car dealer has, therefore, the inside track on getting car owners into the habit of coming to his place of business. How much easier it is for him to secure this trade than it is for a department store which is largely patronized by women, and yet department stores are finding automobile accessories, tires in particular, very attractive and profitable lines to handle.

It should be borne in mind that, in the long run, the big end of the automobile business will be in replacement of cars that are in use, and particularly in supplying the accessories and supplies that car owners need. Some time or other in every community car sales will reach a balance, then the dealer who has the accessory and supplies business will have, and it is likely will continue to have, the cream of the automobile business. Some one will sell these goods, why not the car dealers?

Every customer who has been sold a car by the dealer has presumably been carefully studied by the dealer, and the dealer is, therefore, in a much better position to determine what accessories and supplies that car owner is likely to want than anyone else. What a waste it is to throw away this knowledge of a customer after he has been sold only a car! Customers who have bought cars, therefore, constitute a most excellent prospect list for the car dealer's accessories and supplies, if he handles them. But in addition to this, all car owners in the territory can be cultivated for business, and if the dealer can succeed in getting them to come frequently to his place of business for whatever they may need, he may be in excellent position to know when they are likely to be in the market again for a new car.

The sale of accessories and supplies does not run into such large figures as the sale of an automobile, but if the dealer will sit down and take out his pencil and do a little figur-

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ing, he will find that a larger percentage of gross profits is made on the sale of accessories and supplies than on automobiles. Not only that, if the accessory business is properly handled, he will find that his net profit will compare very favorably with the net profit from the sale of automobiles.

Accessory business pays.—The accessory business can be placed on its own feet and be made to pay its own way and, where there is enough business to keep an automobile dealer going, there is enough business to keep an accessory department.

Usually the automobile dealer has some space about his building which can be devoted to the sale of tires and accessories, making it unnecessary to add to his rental overhead. The sale of accessories, if properly handled, requires the services of a good salesman, it is true, but this salesman can, no doubt, give part of his time to the sale of cars, so that the salary expense of conducting an accessory department need not be any more than a small percentage directly proportional to the actual business obtained.

Turn-over in accessory department.—It may be pointed out by some who have already given some consideration to the accessory business, that certain items, such as oils, gas, and tires, have but a relatively low profit margin. This may be true, but the possibilities of turn-over are so great that in a year's time what appears to be a low margin is likely to turn out to be a very excellent profit. For example, there may be only a 25% margin on the sale of tires, but, if the tire department is properly handled, it should be able to turn its stock at least five times in a year and, therefore, the total gross profit on the amount of money invested in that department will not be far from 150%. Even if the expenses of selling these tires amounts to as much as the whole investment in tires, in a year's time, still the total net profit will

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amount to 50% of the amount invested, a very handsome profit indeed.

In all considerations of whether it pays to handle a line or not the dealer needs to consider the possibilities of turn-over very fully. One turn-over per year means only one profit on the amount invested. Two turn-overs double the profit on the amount invested. Three turn-overs triple the amount of profit on the money invested. Five turns multiply the profit on the amount invested five times. Five turns each yielding only 5% net profit are better than two turns each yielding 10% profit.

Similar computations need to be applied to oil and gas and other fast selling commodities.

On the other hand certain lines of accessories yield a relatively high profit. This is as it should be. The possibilities of turn-over are probably less. However, the dealer should not be deluded into the belief that an article will be highly profitable if it shows a profit of 50% of the sales. That may seem like a very favorable proposition, but if there is an opportunity to turn the stock in that accessory but once in a year, it may be really less profitable than handling tires or other quick sellers offering lower margins of gross profit.

Conditions of success.—The conditions of success in handling accessories and supplies in the automobile business are, first, careful buying of the right goods to suit the customers in the territory in which the dealer's place of business is located; second, active salesmanship and advertising—the goods will not sell themselves—third, capital; and fourth, managing ability.

Good buying.—There are over a thousand items of accessories and supplies offered in the market to-day for automobile owners. It would be folly for any dealer starting in the business to try to take on any large portion of this number. How many items shall be handled will depend, of

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course, upon the amount of capital that the dealer has to put into his business and the prospective opportunity to make sales in his community. It would seem the better part of wisdom to take on only a moderate assortment to begin with, and later add to it as the opportunity comes for seeing what the trade wants.

Small lots.—It is also a good idea in the beginning of an accessory business to buy in small lots of each item. Dealers would do well to forget all about there being such a thing as quantity discounts for buying large quantities. Some of the best accessory departments in the country are run on the principle of buying only a quarter or even one twelfth dozen lots. Managers of these departments buy little but they buy often.

Few houses.—As a general rule, it seems advisable for the dealer to confine his purchases, so far as possible, to a few houses. There may be exceptions to this, such, for example, as when the dealer may have the opportunity to serve as agent for a line of tires, oil, or other similar items. But if there is a well established jobbing house in automobile accessories not very distant which will give proper service in handling small orders, the dealer will find greater profit in buying even at higher prices than to take on large lots, buying direct even at lower prices. In addition to the saving made through more rapid turn-over in buying smaller lots, there is also the possibility of considerable saving in dealing with only one or two houses and thus saving the time, money and labor needed to make out orders, to pay bills, etc.

Put some one in charge.—Active salesmanship and advertising is needed. Some one person should be responsible for the accessories department, and another for the gas and oil. This does not mean that these persons should give their entire time and attention to these departments. In a small place it may be entirely possible for them to assist in other

lines as well but, having responsibility in these lines, it may be possible for them to specialize in the selling so that better results may be obtained.

Display.—The goods should be displayed where people can see them. In another chapter we have outlined the possibilities of advertising accessories and supplies in connection with automobiles. We need here merely to repeat that the goods should be displayed in windows and in show cases, on shelves, or on counters. These displays should be made as attractive as possible, and changed frequently. If prospective customers do not see the goods, they cannot know that you have them, and consequently do not think of buying them. Proper display is one of the most effective means of salesmanship.

Capital required.—The automobile business is one that requires relatively a great amount of capital. The automobile dealer must finance his buying and, in many cases, he finances his customers to a very large extent when they, in turn, buy cars from him. Therefore, a large amount of capital may be tied up in the simple business of buying and selling cars.

It is for this reason, probably, that a great many automobile dealers have not gone into the accessory, garage, and other allied lines of the industry. It is impossible, even in a small town, to do very much as an automobile dealer without a capital of at least \$10,000 to \$15,000. A dealer with from five to ten times this amount has an advantage. Customers are attracted to the place of business that is able to display several cars at one time. It may not always be possible to dispose of used cars as quickly and as profitably as might be hoped for. Thus capital used up in trading new for old cars is tied up. The amount of the investment made in new cars and in used cars is so great that it overshadows in most dealers' minds that which is put into accessories and supplies. Since there is a certain amount of

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risk in the automobile business, just as in every other, it may be that the dealer does not care to give any thought at all to anything but the one work of buying and selling cars.

Budget for accessories.—If accessories are to be handled, the best way appears to be to set aside a certain sum of money for the accessory and supplies lines, and then to select some employee who will be responsible for it, so as to relieve the manager as far as possible of having to think about the management of this sub-department, leaving him free to continue his operations in the automobile market.

What to handle.—It is rather difficult to make suggestions on what should be included in the preliminary orders of a dealer who is about to establish an accessory and supply department. Among the first items to be included would, of course, be gasoline, oil and tires. To these, however, should be added tire repair material, extra wheel sets, polishes, home vulcanizers, spark plugs, clutches, pressure gauges, wrench sets and other tools, pumps, flash lights, automobile lights, dimmer lenses, radiator cement, coil and vibrator pipes, radiator hose connections, horns, speedometers, bumpers, pedal rubbers, foot accelerators, door anti-rattlers, jacks, towing rope, goggles, automobile fire extinguishers, radiator ornaments, rear tire holders, rear view mirrors, etc. Later orders may include such items as vacuum bottles, automobile robes, foot warmers, picnic sets, sponges and chamois,—items that may be demanded by the automobile trade.

If the dealer will hold to the principle, not to overbuy, and to forget entirely about quantity discounts, he can get a great deal of help from the salesmen of accessory houses on making up the proper assortment to start with. Certainly their advice should not be overlooked.

Overbuying.—Overbuying is exceedingly dangerous in the accessory field for the reason that there are styles in

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accessories, and these styles change almost as rapidly as they do in the millinery field. Then there are improvements from time to time. New patented goods come out that immediately make older goods obsolete. It is easy to overestimate the demand for such classes of accessories. It is a waste to buy a dozen of a thing when there may be only a half dozen motorists in the community who will ever want the article under consideration. These are some of the reasons why the dealer is urged to keep his buyings down to a low quantity of each item selected.

Handle good merchandise.—Most dealers find that it pays to handle merchandise that will give satisfaction in the long run, even if at somewhat higher price than other goods that may be had in the market. If a dealer is starting out with a small stock he should buy with an eye to highest utility. Novelties should be left alone for later experiment, and cheap goods should be omitted or left to the 5 and 10 cent stores to handle. Many dealers have a principle of being willing to try a thing once, buying a sample and displaying it and noting whether people are interested in it or not. By buying in this way, it may be possible for a dealer to have a stock of a very large number of items, but at the same time a fairly low inventory value, and it is by carrying a stock of this kind that a dealer can develop a favorable reputation in his trade for having up-to-date things and a wide variety of merchandise, and still not be caught with unsalable goods on hand when styles change. There is danger of depreciation also in automobile goods, and for this reason as well as others already named, the buying must be carefully done.

Have salesman learn merchandise.—The salesman appointed to take charge of the sale of the accessories and supplies should be directed and encouraged to make a study of his merchandise, and the best way in which this can be accomplished is by the study of the literature and adver-

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tising that usually comes with these goods. The reading of trade papers will give the salesman an accurate idea of new things coming out. In addition to that it may be possible to gain valuable points from the salesman who sells the goods. The salesman should aim to know sufficiently about his merchandise so that he can answer questions that the customer may ask him about it. Both the dealer and his salesman should have definitely in mind why automobile dealers should own an accessory before putting it in stock, and then the salesman should be able to tell prospective customers precisely why they should own it when the opportunity comes to sell it.

When other means of securing information about an accessory fail it may be possible to write to the manufacturers of it for help, and this usually brings highly favorable results as the writer can testify by experience tried many times over.

Value of reputation for knowing "Oils" or "Tires."—On going into the accessory and supply line, the dealer and the salesman who are delegated to take charge of the sale of these goods, should attempt, as soon as possible, to secure for themselves the reputation in the community of being specialists on accessories, and particularly in oils and tires. The sales of gas, oils and tires are the most frequent of any of these lines, and customers know very little about the quality, particularly of either oils or tires, and cannot possibly judge them from their superficial appearances.

It is suggested, therefore, that some one in the dealer's place of business should study automobile lubrication and become a specialist in this subject and similarly that some one should learn all about tires in detail. It is possible to secure books that will help. Articles appear from time to time in the trade papers that are exceedingly helpful. With reference to oils there are a number of special sales points

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about some of the better automobile lubricants all of which the salesman should fully know. When a customer comes in and makes an inquiry about lubricants or lubrication, it will add to the effectiveness of the situation if the dealer or his assistant will call on the man in the place who has made a specialty of lubrication, introducing him as the specialist in this line.

Illustration of sales knowledge on oils.—Some of the sales points about the better automobile lubricants may include the following: A rich velvety appearance, a tackiness which may be demonstrated by noting how it adheres to a nail or to a knife point and by pointing out that it will stick to gears in the same manner. It may also be noted that it has a neutral odor, and the fact indicated that there are no free acids, free alkalies or free fats in the mixture, any one of which would be injurious to the grease as a lubricant. A good lubricant will not harden in the air or when it becomes cold, and there are specific reasons why it will not, which the salesman should know. It will not break down in heat, also for a definite reason that the salesman should know. A good lubricant has a sort of cushion effect. It prevents grinding of gears. It will not foam in hot weather. It will stop the racket of noisy gears. A good lubricant saves power, and, therefore, gas and wear and tear on the machine. It may be possible to point out, as proof of the excellence of a lubricant, something about its methods of manufacture and the people who make it and the care used in manufacturing. Finally the economy in its use constitutes the basis of a sales point. There may be cheaper oils, but do they give as much service before having to be renewed, as the one you have to offer?

If the dealer will specialize in oils, he may have to have several varieties on hand for sale, and he can advertise this with excellent effect by calling attention to the fact that a particular lubricant is needed for each particular use in a

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car and that, in the long run, greases that were not intended for a particular use are going to do the car harm. This is an idea that department stores and hardware stores are not likely to dare to follow, and the automobile dealer's business in the sale of oils will grow in competition with the other channels of distribution of these products.

The important points to be considered in this connection are that it pays to secure the oil business not only for itself but also for the opportunity it will give the dealer to sell oil customers other merchandise. It pays for itself and it also contributes to the volume of business in other departments as well.

Illustration of sales-knowledge on tires.—In the same way as with oils, the dealer should make himself the specialist in his community on tires. To that end he should study the tire needs of the cars in his community and should attempt to select lines that suit those needs. In buying tires, as in buying other lines, care should be exercised to confine the purchase to one, or at most two lines. Tires run into considerable money and, if an attempt is made to carry several lines, the capital invested will run too high, and the possibilities of turn-over will be greatly reduced. The rule here, as elsewhere, is to buy little and buy often.

THE TIRE WITHOUT A NAME

(Editorial from the *New York Journal*)

"Among automobile tire men the tire with no name, the tire which tells you it is good—but doesn't prove it—the tire that you never heard of before, the 'chauffeur's graft' tire—all such worthless stuff is known as the 'gyp' tire.

"The 'gyp' tire is named for the 'gyp' horse, the latter being the horse that you buy of the gypsy. All gypsies have horses for sale. You see them at the roadside, the horses picketed, sad and thin. Each gypsy can tell you wonderful stories about the merit of his horses. But the wise farmer buys no 'gyp' horses.

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He knows that next morning when the horse is lame, the gypsy will have disappeared.

"The wise buyer of automobile tires buys no 'gyp' tire. For if you buy a horse from a gypsy you at least get a horse. He has four legs, some kind of a mane and tail, and usually at least one eye. Even a gypsy when he sells you a horse must sell a HORSE of some kind. But the maker of 'gyp' tires can sell you anything or nothing. You haven't X-Ray eyes, you cannot look on the inside, you cannot know whether what you think is rubber is really rubber or a mixture of rubber or something else. You cannot tell whether the fabric, which is to the tire what your muscles are to the body, is intended to wear or WEAR.

Back of every tire worth while there must be an honorable name and a great organization, for it takes great factories, great buying power, expensive machinery, a well established industry to produce a tire worth buying. Every tire that is worth while has its reputation, its name—IT IS KNOWN.

"The man using his eloquence to persuade you that some unknown tire is a better bargain than a real tire, is simply using his eloquence to cheat you. If you doubt this listen to the experience of the writer. One of his friends is manager of a great concern that sells automobile bargains. The friend showed the writer thousands of tires, all of different kinds, or rather INDIFFERENT kinds. They were piled up ready to be sold. All nameless. Extraordinarily low prices were quoted. This writer said to his friend, 'If those prices are really as low as you say, let me know which is the best of these bargain tires, so that I can get them instead of the more expensive tires that I buy.' 'No,' said the dealer in 'gyp' tires, 'YOU don't want any of this stuff. You wouldn't get satisfaction. Continue buying what you have been buying, one of the well-known makes. Nothing else would suit you.'

"Mr. Reader, buyer of tires, nothing in the way of a 'gyp' tire would suit you either. You wouldn't buy a solid gold ring of an unknown peddler if you had no way of testing the gold. You would be suspicious of the tire man who offers you solid rubber, high class workmanship in fabric, for less than the natural price of solid rubber and cost of high class workmanship."

Sales points of tires.—The sales points of tires that can be emphasized by the salesmen and in the advertising are

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numerous. Some of the more important ones are presented below.

Mileage.—The most important point about a tire is the mileage that it can deliver. The tire buyer wants to be assured that the tire offered to him will give satisfactory service. The mileage possibilities of a tire may be proved, making clear its construction features, such as—the quality of materials used in its manufacture, the scientific compounding of the rubber, the expert skill used in putting the various parts together, the accurate inspection preventing any tire from going out with imperfections, the proper curing or vulcanizing of a tire, etc.

The mileage possibilities of a tire may also be proved by referring to the use that it is actually giving in service. Testimonials are valuable here as elsewhere. Records of mileage received by others in the community are helpful. A statement of the number of tires in use throughout the country, especially if made in comparison with what the number was a year before, showing the growth in the use of the tire by other people, may be helpful. It is also a good point to refer to the company and its reputation as makers of tires, particularly if the tire line handled is well advertised.

Other sales points that may be emphasized include such items as that the tires possess excellent anti-skid qualities. It may be pointed out for some lines that they are light running. There are differences in tires in this respect. A light running tire is one that possesses a high degree of resiliency. With such tires the car runs on air instead of on stiff fabric. A light running tire saves power, wear and tear on the car, and, therefore, saves its own cost in reduced expenses for other items.

Tires may also be comfortable riding, they may not be easily injured or, if injured, may be easily repaired. This

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is a significant point since repair costs sometime frighten possible purchasers.

If a tire is perfectly made as to diameter and circumference it is easy to put on and take off. A salesman can make this a strong point in favor of his tire with some purchasers. The good appearance of a tire is another important sales point. Finally, the guarantee of mileage, if any; the adjustment privileges granted, and the low cost in proportion to the service obtained may be points of emphasis.

As an expert on tires and tire use, the dealer should know how to advise the car owner on how to take proper care of the tires in use, and should in as many ways as possible educate his trade in this direction. A study of the literature issued by the tire companies, not only of the company supplying the dealer but of other companies as well, will be the most helpful source of the information that the dealer will need.

Care of Tires.—Among some of the points that the dealer should know and upon which he may be of great service to his customers are, for example, the right load capacity of tires of various sizes with various inflations. With ordinary fabric tires the dealer should know, and should show his customer, that the heavier the load to be carried the greater the inflation needed in pounds per square inch.

Under-inflation is the cause of at least three-fourths of all tire trouble. It causes extraordinary flexing of the side walls at every turn of the wheel. This produces internal friction and this friction causes intense interior heat in the tire. Heat destroys rubber. An under-inflated tire is more apt to puncture on a sharp object than a properly inflated tire. Under-inflation causes rim cutting. It also causes the tire to run heavier than a properly inflated tire and thus consumes more power.

Cord tires, of course, need less inflation than fabric tires.

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The recommendations from the companies with reference to their tires should be observed on this point.

There is a commonly accepted idea that tires should not be inflated up to the standard prescribed pressure during hot summer weather. This impression is caused by observing that tires blow out more frequently during the summer than during any other season. However, it is not the over-inflation that causes the tires to blow out. The increase in temperature of summer weather over winter weather would have little or no effect in increasing the amount of pressure due to expansion of the air within the tire.

The reason why tires blow out in hot weather is because the car is used more actively than at any other time during the year. The friction of the tire over gravel or crushed stone roads, or the friction already referred to caused by under-inflation, frequently raises the temperature of the air in the tire to 300° Fahrenheit or more. Thus it is friction heat rather than the summer heat that causes the temperature of the tire to rise to the point where the rubber is burned and destroyed. A temperature of 300° will cause rubber to heat so much that it will smoke and this amount of heat is certain to ruin any tire made of rubber in a very short time.

Any cause of friction, therefore, will injure a tire. Under-inflation is one of the most fruitful causes of friction and tire heating. Speeding, of course, results in heating the tire to a high temperature. Quick starting or quick stopping likewise causes great friction on the tires. Driving fast around corners has the effect of grinding the face of the tire against the surface of the ground, thus causing friction and heat. Wheels out of proper alignment likewise produce considerable friction resulting in heat and in destruction of the tire.

When a tire is punctured the car should be stopped and repairs made before going on. Small injuries in the casing

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should be promptly and properly attended to. By having the tires inspected from time to time by the dealer, the customer can learn of these injuries and have them repaired at small cost, and in this case a stitch in time is truly worth more than nine.

Care should be exercised in driving so as to avoid running over stones, bricks or other obstructions, even if small, at high speed. Running a tire squarely against the corner of a brick at a speed of say 35 miles per hour will break the fabric in the best tire made nine times out of ten. Nothing but careful driving will reduce trouble of this sort. Usually the break occurs in the inner layers first and it may take some time before the blow-out, that is certain to follow, occurs. Before starting out on an extended trip every driver should examine the inside of his casings for signs of broken fabric.

Heat, light and oil are the greatest enemies of rubber. When tires are not in use they should be kept in a cool, dark place. Tires should not be allowed to stand on a greasy floor or in a puddle of oil or grease.

The interior of the casing should be well dusted with finely powdered soapstone or talcum, but too much is as harmful as too little. The purpose of the soapstone is to reduce friction between the casing and inner tube, but too much of it will cause lumps to form that will chafe the tube.

It is a good plan to change the position of the tire front rear to front from time to time. It is the rear tires that bear the heavier strain, and as a rule the right hand tires get more wear than the left.

Extra casing should be protected by enclosing in a light-proof packing. Extra inner tubes should be kept in bags and kept away from contact with tools or grease. Many inner tubes are damaged by friction from other objects lying near, as in a tool box, before application to the wheel. When a car is out of service, it is generally best to remove the

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tires. When this is done the tires should be washed with soap and water, and then wrapped in cloth or paper and placed in a cool, dark place. If tires are left on the car, the car should be jacked up and most of the air let out of the tires. In case the car is not jacked up the tires should be kept inflated and, if possible, turned, occasionally.

A few facts like these explained by the dealer to his customers will save the customers money and in the long run they will appreciate such service and make it worth while for the dealer.

CHAPTER XIV

POLICIES

Courtesy.—The first and most important policy that should be adopted in any automobile dealer's business is courtesy. All who enter the place should be rendered every politeness and consideration whether they are buyers or not. There should be a rule, distinctly understood, that no indecent language or profanity be permitted in the garage, shop or store. The use of tobacco, particularly smoking, must be prohibited because of fire risks. But an up-to-date automobile store will insist on elimination of the use of tobacco in any form because of its possible negative effect upon prospective customers who may enter the place. Even most people who smoke do not like second hand smoke. If only one customer out of ten dislikes it that is a sufficiently good business reason for stopping it.

See that every customer who enters the place is promptly greeted by some one and, if there is no one who can be of immediate service, the customer should be offered a seat and given a magazine or paper or catalog to look over while waiting for the person who is later to perform the service desired.

The customer is always right.—In all complaints brought in by customers the only safe rule to follow is to assume at the first that the customer is right. The largest retail merchandising establishments of the country in all lines have found that this is the only safe rule to follow. After investigation it may be found that the customer is

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sometimes wrong, but it is entirely unsafe at the start to assume that this may be the case.

Maintain prices.—A great deal has been written in trade papers and much has been said in various other ways on the subject of maintenance of prices. The principle of one price to all has been generally accepted as fundamental in modern merchandising and the dealer who begins to cut prices to a few of his customers is likely to find that within a short time everybody knows about it and everybody expects to be given the cut price.

Price cutting is an insidious evil for which there is little or no excuse if the buying has been properly done and salesmanship properly carried out. A car, like other merchandise, is worth what people think it is worth and what they think depends in part upon what they can buy other cars for, but it also depends in large measure upon what value they place upon the exclusive feature found in any given car. Therefore, price making and values depend upon salesmanship.

The important point for the dealer to keep in mind is first, not to be stampeded into over-buying, and second, not to be stampeded into selling out at cut prices after having his merchandise placed in his store. There is nothing that will prevent price cutting so effectively and so well as an accounting system which will reveal precisely what it costs to do business line by line. No dealer willingly cuts a price below his cost of selling. The dealer who has it in mind to cut prices should know what the cost will be to him if he does sell at cut prices. In another chapter we shall outline the kind of an accounting system that will help the dealer in this regard.

Cash or credit?—Every automobile dealer will find it necessary to decide on some policy with respect to the credit business. Not more than one sale out of ten on the average can be made on a strictly cash basis.

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The only alternatives are, either to sell the cars on credit, or to work out some method by which the prospective purchasers can secure credit elsewhere and thus make the sales possible. The price of the car runs into such an amount of money that very few people, those who are well to do included, have available the necessary amount of money to make the purchase even when their need has been obviously pointed out to them. Credit and installment payments seem absolutely essential in the automobile business.

The better class of dealers, however, restrict the credit given very largely. In the first place a large initial payment is required, in most cases a third and sometimes more, of the price of the car. Partial payments follow, usually on a monthly basis with interest and in sufficient amount so that the car may be paid for by the end of the season or certainly within the year. A plan followed by many dealers is to require completed settlement in ten equal monthly payments, in addition to which the customer must pay the insurance to cover fire and theft for the year.

The first essential of a successful credit business is that the customer who desires to buy for credit should first be thoroughly investigated to determine whether it is likely that he will pay his debts when they fall due. In other retail lines the greatest successes have not come by conducting a strictly cash business but rather by accepting a large volume of credit business and by having an efficient credit department to insure that the customers secured are entitled to credit before the sale is finally closed.

There are certain lines which may be drawn between those to whom credit should be granted and those who should not receive credit. In the first place people with means, but whose means are not immediately available, may generally be trusted. The farmer who is waiting for his crop to ripen, or for better market conditions, the lumberman who is waiting for the spring thaw to move his logs,

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the ice dealer who is waiting for hot weather to bring him a market, the contractor who is completing a job for which he will be paid at its close, the manufacturer whose product requires much time and capital expense before it is ready for the market, these are classes that may safely receive credit under average conditions. The standing of a customer in his community, his past reputation for meeting his debts, the amount of his present indebtedness, his reputation as a careful business man, his personal habits, the habits of members of his family, are also details that are of high significance to the credit department. So in determining whether an applicant for credit should receive credit or not, all of these points are given consideration. Careful investigation of credit risks is the first essential of a successful credit business.

If the dealer or his credit man possesses little or no personal knowledge about the credit applicant, inquiry should certainly be made of those who do have such knowledge. Even in cases where the dealer does know the applicant, it will do no harm to gain the information suggested above from those with whom the applicant has had more direct dealing.

Collections of installment payments should be handled systematically. A great many car dealers, particularly those handling certain well-known cars, have a system of turning all installment notes over to financial institutions organized to finance just such business relations. The dealer indorses the notes, thus making it two-name commercial paper and receives anywhere from 80 to 100% of the total amount. If less than the full amount is paid by the financing institution, the dealer receives the remainder with interest when the final payment is made by the customer.

If the dealer plans to finance his own credits, he must make provision for a thorough working collection system. If the payments are to be made on the partial payment plan the

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customer should be solicited for the payments very promptly at the time that they are due. There should not be any slackness in this respect. Slackness on the part of the dealer prompts slackness on the part of the customer. Collections are usually handled by first sending out a bill or statement showing the amount due, dated and sent so as to reach the customer on the day or just the day before the amount owed falls due. Two or three days later if the payment is not made, a letter asking the reason why, follows and if no immediate return is obtained from this, most automobile dealers send a representative to make personal inquiries. Systematic methods of this description usually bring the desired results.

Finally, if personal solicitation for the payment does not bring in the money, it may be necessary to take more drastic means, particularly after the dealer has fully satisfied himself that this is the only method to follow.

It should be borne in mind that the same principles of salesmanship that are used in selling a car, should be employed in making collections. In other words, there should be a continuing system of salesmanship operating all of the time until all of the money for the car has been collected.

Collection letters should be written in the same spirit and according to the same principle as selling letters. The customer should be sold on the desirability of bringing in the cash and should feel that he is doing it of his own accord rather than being forced to do it. Force should be introduced only as a last resort.

Handling used cars.—One of the bug-bears of the automobile business is the second hand car. Excepting the lowest priced car agencies, it seems necessary that automobile dealers must operate their business in such a way as to take in second hand cars in exchange for new ones sold. A large part of the business of many automobile companies is made of exchanges of this kind. Chalmers, Willys, and

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other automobile manufacturers assert that their cars are sold to those who have owned cars before in 85% of their sales.

If care is not exercised in handling used cars the profit gained in the sale of new cars will be lost on the second hand cars. It is suggested that the dealer should inspect the used car offered in trade with care before placing a value upon it.

The second hand car is worth only what it will bring when sold under normal conditions. In fixing the value of a car the dealer should have in mind what he is certain that he can get for it after it has been repaired and put into condition for use. As a matter of fact the dealer should work towards securing a profit on handling the sale of the second hand car, just as he secures a profit on a new car, otherwise he will be making two sales for only one profit.

A suitable blank is a great aid in inspecting and arriving at a competent valuation of a used car. The reader should study Figure 3, which presents a model of statements of this kind. This statement when filled out is to be signed by the owner.

FIGURE 3

USED SECOND HAND CAR STATEMENT

Date.....

.....
Gentlemen:—Below you will find description and general statement of my car.

Make of car.....	Number.....	Color body....
Year.....	Model.....	Color gear....
Type body.....	Horse power.....	
Price of car when new.....	Price equipment when new.....	
Total price paid for car and equipment.....	Date.....	
Miles car has been run.....	Accidents and nature.....	
Registration No.....	Price wanted.....	In trade for...

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EQUIPMENT

Number oil lamps.....	Tire chains.....
Number electric lamps.....	Speedometer
Gas headlights.....	Trunk rack.....
Gas tank.....	Make rims.....
Generator	Tire cover.....
Top	Extra rims.....
Top curtains.....	Clock
Top cover.....	Extra parts.....
Magneto	Pump
Storage batteries.....	Jack
Wind shield.....	Tools
Slip covers.....	Starter
Extra seats.....	
Type tires.....	
Size tires, front.....	Rear
Number extra tires.....	Extra tools.....
Number extra tubes.....	
Tire brackets.....	

CONDITION OF CAR

Motor.....	Clutch.....	Trans. gears.....
Self-starter.....	Rear axle.....	Front axle.....
Wheels.....	Steering gear.....	Tires.....
Body.....	Paint.....	Gen. appear.....
Car will be delivered to you 191.. in condition described above, and price is subject to change if car is not as described.		

Yours very truly,

.....Owner
Address.....

I herewith give title to the above car as described, and agree to sign affidavit of ownership of old car before delivery of new car.

Owner.....

Car described herewith is accepted at exchange value of \$..... this day of 191...

Signed.....

The use of such a statement with the owner's signature at the bottom will not only assist in appraising its value properly but also will tend to remove misunderstandings. In some cases a car owner disposing of his car is likely to remove parts from the machine before turning it in, occa-

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sionally after an offer has been made and accepted. A careful inventory of the car in accordance with this suggested statement makes it possible to check up every detail in a business-like way.

No salesman employed by the concern should have the final decision as to the amount to be offered by the concern for the second hand car. This valuation should in every case be made finally by some other party than the one who is trying to sell the new car. The reason for this is that the average salesman in his strong desire to make a sale of a new car frequently lets this desire run away with his better judgment or causes him to shade his views on the value of the second hand car strongly in favor of the customer.

Finally, at the time the actual transaction is completed, the dealer should secure from the car owner a bill of sale for the used car which he accepts. A model of a formal bill of sale is presented in Figure 4. Any other wording which embodies the terms of the sale will answer the same purpose. This bill of sale should be attached to the used car statement, such as we have described above, and carefully preserved by the dealer to guard against any possible chance of later difficulties over ownership and claims on the car.

FIGURE 4

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS That

.....
of
party of the first part, for and in consideration of
(\$.....) lawful money of the United States, and other
good and valuable considerations, to
in hand paid at or before the ensembling and delivering of these
presents by party of the second part,
receipt whereof is hereby acknowledged, having bargained and
sold, and by these presents do grant and convey unto said party
of the second part, its successors and assigns, the automobile
equipped as shown on the second-hand car statement I have given
them.

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TO HAVE AND TO HOLD the same unto said party of the second part, its successors and assigns forever. And do for sel heirs, executors and administrators, covenant and agree to and with said party of the second part, that good right to convey the said automobile and the same is free from all liens and encumbrances and that will warrant and defend the sale thereof against all and every person and persons whomsoever.

IN WITNESS WHEREOF

..... hereunto set hand and seal the day of in the year one thousand nine hundred and signed, sealed and delivered.

In the presence of:

(SEAL)

STATE OF..... }
COUNTY OF..... } ss:

On this day of 191..., before me personally appeared to me known and known to me to be the individual described in and who executed the foregoing instrument, and to me acknowledged that executed the same.

STATE OF..... }
COUNTY OF..... } ss:

..... being duly sworn deposes and says that he is the grantor in the foregoing bill of sale; that the automobile and equipment therein described are at the time of the execution hereof the sole property of said grantor, and that there are no liens or other charges upon the same by way of conditional bill of sale, chattel mortgage or otherwise; and that said grantor has the absolute right and power to convey full and clear legal title thereto.

This affidavit is made for the purpose of inducing said to purchase the same by the foregoing bill of sale.

Subscribed and sworn before me this day of 191...

Service.—Too much free service is the rock upon which numerous automobile concerns are smashed. Service to automobile purchasers is here to stay, but how to handle it so that it does not run away with the business is one of the most difficult problems that an automobile dealer must face. It seems safe to say that the best way to meet this problem is to decide in advance just how much service is

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to be given to car purchasers and then to stick as closely as possible to the decision.

Having decided upon the amount of free service to include with a car sale, the next thing is to have very definite agreements with customers as to what service is to be given to them free after they have purchased their cars and then to live up to this agreement to the letter and expect the customer to do the same. Great care needs to be exercised to prevent the salesmen in their enthusiasm from making additional agreements. What is promised should be in writing and no verbal agreements should be permitted.

It is highly essential that the car owner should be kept well sold. If he is well satisfied he is the best advertisement that the concern has. Therefore, any policy adopted with reference to the amount of service that is to be offered must be enforced tactfully. It may well be that in cases of misunderstanding the dealer had better lose a few dollars in service than to lose the good will of his customer. Clear-cut advance understanding is the most certain method of avoiding trouble.

There is a certain amount of service that may reasonably be demanded of the automobile dealer by the one who purchases the car. For example, the dealer should see that the car is in absolutely perfect running condition when it goes out. After a car has been run a hundred miles or so, it may need to be tightened or adjusted here or there, and it would seem reasonable that such service should be freely given by the dealer. If there are any defective parts in the car, the dealer should willingly take charge of these, and send them back to the factory for repair or adjustment. The dealer owes it to the purchaser of the car to advise him on its care and use, and most dealers find it highly profitable to teach their car purchasers not only on the care of the car, but how to get the best service out of it. After the car has been run a month it

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should be thoroughly inspected. The best automobile mechanics say that there should be monthly inspections. At least one such inspection may well be given by the dealer without charge. Several automobile dealers go so far as to provide free periodical inspections for a year following the sale of the car. It seems better, however, to agree on an amount of service and then the dealer may at his discretion and purely as a matter of good-will (understood by the customer as such) throw in considerable more free service. It is better to promise little and deliver much than to promise much and deliver little. Small matters that do not take up much time and which help to hold the customer to the concern that sold him his car may be freely undertaken in most cases. As for example, making small motor adjustments, tightening nuts, adjusting the carburetor, looking over the tires and advising on their care, testing storage batteries, and even changing tires. In the Northern part of the country, where the winters are severe, several automobile dealers have found it advantageous to send to their customers very complete instructions on how to take care of their cars, either in storage or in use. The dealer has everything to gain by showing the owner how he may continue to use his car even in the coldest weather. Winter use will make it possible for the dealer to increase his accessory sales and at the same time help his customers to secure greater service from their cars.

Instruction for car owners.—Many automobile concerns conduct classes during dull seasons of the year for automobile owners on the construction of the car, its care and operation and how to make repairs. Even though a car dealer may have a repair shop in connection with his place of business, it may be highly advantageous to show the customers how they may make their own repairs. There is nothing to be lost by doing this. Repairs of an important nature will have to come to the shop, anyway, where tools

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and supplies are available. In the long run there is nothing to be gained by loading up the consumer with expense that can be saved to him. It is important that the expense of running a car should be kept as low as possible, but when there *is* a need for service or repairs, such service should be efficiently performed, and a charge made to cover the costs and a fair profit besides.

CHAPTER XV

LEAKS AND WASTES IN THE AUTOMOBILE BUSINESS

Numerous leaks and wastes, small in themselves, but continually occurring, and in the aggregate making up a matter of importance constitute one of the chief sources of the high cost of doing an automobile business. Some of these may be mentioned here.

Water.—The expense for water runs into a great many dollars per month in any establishment where automobiles must be washed. Employees are usually careless about shutting off the water when they are through using it. A considerable saving can be effected by exercise of care in this regard. A little careful attention on the part of employees to this point will be an important saving for the concern.

Soap.—Another item upon which saving may be made is the use of soap. Careful determination in advance of the amount of soap required for washing the cars usually shows that in most concerns considerable soap is wasted. The saving of soap by careful use will result in the saving of a great many dollars per year.

Gasoline.—One of the important sources of waste about an automobile establishment is in the sale of gasoline. Sales are not always registered in every establishment. Sometimes there is over-measurement. In other cases the employee who operates the pump is careless and the gas is spilled on the pavement and if the automobile owner pays for what is wasted he is not getting his money's worth, otherwise the firm loses.

LEAKS AND WASTES IN AUTOMOBILE BUSINESS

The best results are obtained in the handling of gasoline, when a careful record is kept of the amount of gasoline going into the tank, and where records are taken twice a day of sales. Some one is made responsible for the gasoline supply. Sales must tally with supplies purchased. The result is usually a considerable saving for the concern.

Oils.—In a similar manner there is, in many concerns, considerable waste in the handling of lubricating oils. Proper training of employees, consisting usually of merely calling their attention to the point, and following up the matter by supervision, eliminates a large part of this loss.

Depreciation of merchandise.—There is an apparent tendency around automobile concerns to handle accessories and parts in a careless manner. There is no waste so insidious as that resulting from poor care of merchandise resulting in making it non-salable. Scarcely any customer cares to buy goods that are dirty or tarnished or which are packed in soiled or broken cartons. It matters not that the purpose for which the goods is intended can still be served fully. The appearance of the merchandise goes a long way in helping to sell it. A dealer who keeps his stock in good condition, fresh looking and clean, suggests quality thereby to his prospective customer. People always and everywhere like to buy nice, fresh, new looking merchandise.

Accumulation of "stickers".—Accumulation of unsalable stock is another serious source of waste in an automobile business. Such accumulations are generally due to over buying, that is to say, buying in dozens when a quantity of one, two, or three would be sufficient. Changes in fashion affect automobilists strongly and this leak can best be obviated by following the careful course of buying only as needed, particularly in new lines of goods in which the market demand is still an unknown quantity. Quantity discounts are as a rule offered. It is the quantity discount that tempts the dealer to over-buy, and it is just this tempta-

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tion that the successful dealer should be on the alert to avoid. Which is the better, to take a smaller margin and come out with a fair net profit on a sale of one article, or to get a large discount on a dozen, but fail to sell half of the goods? The answer is obvious. There is an old rule in other merchandising lines that the best way to buy is to buy from hand to mouth. This rule may well be observed in the automobile business. Speculation, particularly in accessories and supplies, is a hazardous undertaking. Nine times out of ten it goes wrong. The dealer must be careful to carry the goods that will sell in stock. It is a mistake not to try out new lines, but the emphasis should be placed on buying only in small lots.

Electricity.—In the automobile business, the same as in every other business, there is likely to be considerable waste due to leaving lights burning when there is no longer a need for them. The remedy is simple. Get every employee in the place to coöperate in cutting out wastes of this kind.

Forgetting to charge sales.—An investigation of establishments without good accounting systems frequently shows that sales are sometimes made for credit and without taking the time to make the charges at the time of the sale. Forgetting to charge sales is like throwing money into the sea. It is an inexcusable leak. A good, up-to-date cash register, with devices to indicate credit sales, together with a proper system of recording credits, will prevent such losses.

Too much desk work.—Some salesmen take too much time in doing their office desk or routine work. This is a source of considerable waste. A salesman's time is really only productive when he is talking to a prospect in an effective way. Everything else is subsidiary to such work with a prospect. There is, no doubt, some justifiable waste of time in selling. That is to say, it cannot be avoided. But instruction of salesmen should take the direction of point-

ing out how to eliminate the useless motions and the useless efforts and how to put in full time in the best way. Some men waste most of their energy in doing things the wrong way, the long way, or the hard way. Every employee should be trained to plan his work and to think while he is doing his work on how to improve his method of doing it. Each move should count.

Sales that do not stick.—One of the sources of waste that some concerns suffer from is due to the goods that come back or the sales that do not stick. The fault is usually in the selling. The prospective customers are not fully sold. They merely agree to take the merchandise out, but they are not sold well enough to keep it. Not being well sold, they change their minds. Salesmen should be impressed with the fact that no salesmanship can be considered as first class unless it results in sales that stick. A customer who is well sold prizes his new possession far above the sum paid for it.

CHAPTER XVI

AN ACCOUNTING SYSTEM THAT ACCOUNTS

Some primitive people try to run their businesses without an accounting system. There are very few, however, in the automobile business who do not keep records of one kind or another. According to all observations on the matter, however, there is a great deal of room for improvement. The accounting systems that are in use, as a rule, do not serve their complete purpose.

Standard accounting systems.—In the old days gone by, a retailer's bookkeeping system would merely show such facts as the following: (1) customers who owe money to the concern and the amount owed by each; (2) creditors owed by the concern and the amount owed to each; (3) the amount of cash on hand; (4) where the money taken in goes to; (5) merchandise on hand. And it was a good accounting system that showed all of these items accurately and at any time the manager of the business desired the information.

More information needed.—Now, however, the up-to-date business man recognizes that he needs a great deal more information than enumerated above. The modern business manager wants to know:

1. Balance sheet.—What the condition of the business is at any given time. By comparison with past statements of a similar character, it may be possible to determine whether the business is progressing satisfactorily or not. This statement is known as the *Balance Sheet*. (See Figure 5.)

AN ACCOUNTING SYSTEM THAT ACCOUNTS

FIG 5. BALANCE SHEET.

ASSETS			LIABILITIES		
Petty Cash.....			Accounts Payable.....		
Bank.....			Notes Payable.....		
Accounts Receivable....			Interest Payable.....		
Notes Receivable.....			Accrued Taxes.....		
Interest Receivable....			Accrued Payroll.....		
Prepaid on Cars.....			Reserves:		
Merchandise Inventory:			Depreciation.....		
New Cars.....			Doubtful Accounts...		
Used Cars.....			Contingencies.....		
Repair Parts.....			Capital Stock.....		
Accessories.....			Surplus.....		
Supplies.....			Profit or Loss.....		
Unfinished Shop Work					
Land.....					
Buildings.....					
Shop Equipment.....					
Office Equipment.....					
Store Equipment.....					
Unexpired Insurance....					
Supplies.....					
Prepaid Interest.....					
Total Assets.....			Total Liabilities.....		

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2. Profits and expenses.—A detailed account of income and expenses. In the better kind of statements of this character the profits and expenses are specifically traced to their sources so that changes in business methods can be effected, eliminating the useless expenditures and adding to the forces in the business producing the larger profits. This is known as the *Income and Expense Statement*. (See Figure 6.)

3. Department record.—A statement of income and expenses by departments. In any business in which there are several sources of income it is almost certain that the manager will be uncertain at least as to the degree of profit making capacity of each source. For example, in a business in which there are, let us say, eight different lines through which income is obtained, a general statement of income and expenses for the whole business will not reveal specifically where the profit or loss shown in the general statement originates. A general profit may be shown. In fact, this may come entirely from one or two of the total of eight lines, and the remainder may be losing lines. Some one of these lines may really be exceedingly unprofitable, but these facts may be wholly unknown to the manager unless he adopts some method in his accounting that will show him precisely where his profits come from and where his expenses go. There is need, then, of departmentizing to correspond to the lines of work, or of service, or of merchandise, it handles. A statement presenting this information may be called a statement of *Income and Expenses by Departments*. (See Figure 7.)

4. Stock record.—A stock inventory. In the past in the retail business it was customary to take a merchandise inventory once a year or thereabouts. At all other times during the year, the managers could do no better than guess at the amount of stock actually carried. The more modern method of doing business is to have what is known as a

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FIG. 6. INCOME AND EXPENSE STATEMENT.

	MONTH.....			YEAR TO DATE		
	Gross Sales	Cost	Gross Profit	Gross Sales	Cost	Gross Profit
Sales:						
New Cars.....						
Used Cars.....						
Repair Parts.....						
Car Repairs.....						
Accessories.....						
Gasoline, Oil.....						
Storage.....						
Miscellaneous.....						
Total.....						
Expenses.....						
Salaries and Wages.....						
Commissions.....						
Advertising.....						
Rent.....						
Heat.....						
Light and Power.....						
Telephone and Telegraph.....						
Delivery.....						
Insurance.....						
Taxes.....						
Office Supplies.....						
Discount and Allowance.....						
Depreciation and Upkeep.....						
Bad Debt Losses.....						
Cash Over and Short.....						
Miscellaneous.....						
Total Operating Expense.....						
Operating Profit (Loss in Red).....						
Additions:						
Purchase Discount.....						
Interest Earned.....						
Total.....						
Deductions:						
Interest Paid.....						
Miscellaneous.....						
Total.....						
Total Net Profit.....						

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FIG. 7. MONTHLY STATEMENT OF INCOME AND EXPENSES BY DEPARTMENTS.
MONTH.....

	Total			New Cars	Used Cars	Shop	Store	Gas	Etc.
Sales.....									
Cost of Sales.....									
Gross Profits.....									
Expenses:		TOTAL EXPENSES							
Salaries and Wages.....		Direct	General						
Commissions.....									
Advertising.....									
Rent.....									
Heat.....									
Light and Power.....									
Telephone and Telegraph.....									
Assembly of Cars.....									
Freight and Express (Out.).....									
Insurance.....									
Taxes.....									
Stationery and Printing.....									
Discount and Allowance.....									
Depreciation.....									
Bad Debt Losses.....									
Cash Over and Short.....									
Miscellaneous.....									
Total.....									
Pro-rate of General Expense.....									
Total Expenses.....									
Operating Profit or Loss.....									

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perpetual inventory or *Stock Record* which will show for every day statistically what stock is on hand. This record should be supplemented by the information gained from the annual physical inventory. Discrepancies will need investigation. (See Figure 8.)

Explanation of terms.—Probably but little explanation is needed on the meaning of the items presented in the blanks accompanying this chapter. In Figure 5, the *Balance Sheet*, the item "Petty Cash," covers the amount of cash in the till or cash register. The next item, "Bank," covers the amount of money in the bank. "Accounts Receivable" calls for a total of all money outstanding from customers. "Notes Receivable" similarly calls for the total of all amounts outstanding from customers but for which the concern hold notes. "Interest Receivable" covers interest that has accrued, but which has not yet been paid by customers on their notes, or on their accounts if an interest charge is made on accounts. "Prepaid on Cars" calls for a total of sums of money advanced in payment for cars not yet in stock. The "Merchandise Inventory" for each of the items presented calls for a total valuation of merchandise as per inventory or stock record. "Land, Buildings, and Equipment of Various Kinds" call for the valuation of these items respectively. "Unexpired Insurance" includes the amount of value of insurance yet unexpired. For example, if this statement is prepared at the end of a six months' business period, and if a year's insurance was purchased at the beginning of the year, there are still six months of insurance to run, and, therefore, there are six months of value to be recorded among the assets of the firm. "Supplies" include such items on hand as are used in the business and not sold. "Prepaid Interest" covers interest that has been advanced to creditors before actually due. A total of all of these items gives the total assets of the concern.

Against these there are the liabilities, under which come

FIG 8. PERPETUAL INVENTORY OR STOCK RECORD.

Back.

[illegible]

FIG. 8. PERPETUAL INVENTORY OR STOCK RECORD.

[illegible]

AUTOMOBILE SELLING

"Accounts Payable," which covers amounts due to creditors. "Notes Payable" calls for the amount outstanding against the concern in the form of Promissory Notes. "Interest Payable" calls for a statement of the amount of interest actually due but not yet paid by the concern. "Accrued Taxes" covers the amount due for taxes for such part of the year as has expired, and which will have to be paid at the end of the year. "Accrued Payroll" includes all salaries and wages and commissions, which if the business were closed on the day the balance sheet is drawn up, would have to be paid.

"Reserve for Depreciation, Doubtful Accounts, and Contingencies" in the record presented here are intended to be shown as bookkeeping funds. They do not represent actual funds set aside. They merely point out the extent of liability which must be subtracted from the net assets before there can be any profit or loss computed. "Capital Stock" is the capitalization of the concern, if it is a corporation. If it is an individually owned business or a partnership, this item would of course be omitted. "Surplus" is that amount over and above capitalization which has been earned and piled up in the assets. Finally the total of all liabilities presented subtracted from the total assets yields the profit. If the liabilities exceed the assets, a loss must be shown, and this is usually indicated in the statement in red ink.

Some explanation may also be helpful of the items included in the income and expense statement under expenses. "Salaries and Wages" include the salaries and wages of executives, salesmen, office employees, shop employees, store employees, demonstrating employees, in fact every one who draws a regular salary or wage from the concern. "Commissions" cover expenses paid out to salesmen in this form rather than in the form of salary. As described elsewhere, salesmen are frequently paid on a commission basis instead of on a salary basis; hence the item is put down separately.

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The amount of salaries and commissions in a normal business should average about 6 to 8%.

"Advertising" includes all expenditures for space in newspapers and periodicals, for letters and circulars and postage, for street car cards where these are used, for bill boards, for space taken in local programs, and for novelties bought and distributed for advertising purposes. All expenses for window displays, operating and lighting electric signs, window rent, if incurred, and the cost of window lights, and all forms of miscellaneous advertising, such as decorations, are included. Generally charitable donations made by the firm are included under advertising also. The amount of this item ranges in successful automobile dealers' places of business from 0.5% to 3 or 4% of sales. Probably the average dealer can effectively spend $1\frac{1}{2}$ to 2% of his sales.

"Rent" is an expense which should be charged, no matter whether the manager of the business owns the building or rents it. If the building is owned, the amount charged should be equivalent to that for which it could be rented to others, just as the manager should receive a salary from his business for his time as if employed by another concern, so his building should receive a rent from the business as if rented to another. The rental should run from $\frac{1}{2}$ to 3% of sales.

"Heat" covers such items as fuel, repairs and depreciation of heating equipment, etc.

"Light and Power" include all payments for lighting the store, office and shop, and all materials necessary to keep the lighting and power systems in order.

"Telephone and Telegraph" are sufficiently obvious to need no explanation.

"Delivery" covers all the expenses of putting the goods out to customers who have bought them. It includes freight and express charges that are met by the concern.

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"Insurance and Taxes" are also obvious and need no explanation here.

"Office Supplies" includes stationery of all sorts, account books and forms, typewriter supplies, printing and postage not used for advertising, and transportation charges on office supplies.

"Discounts and Allowances" cover expenditures made by the concern in the way of rebates or allowances made necessary to secure business.

"Depreciation and Up-keep" include all outlays for keeping the building and equipment in good order. A certain amount must be charged off regularly for depreciation, because at the end of a certain period of time the fixtures and equipment will become obsolete or out-of-date or worn out, and will have no value. When this time comes, this equipment should have paid its way by charges made in the expenses presented here.

"Bad Debt Losses" cover all money lost by the concern through inability to collect accounts. It not only includes the amounts due, but not collected, but also includes all expenses of trying to collect from slow and poor risks.

"Cash Over and Short" is an item which in good business practice should not need a place in the expense list at all. If the cash account is properly kept there will be but rare instances of "Cash Over or Short" what it should be. Such an account as "Cash Over or Short" when found in an automobile dealer's accounting system illustrates the need for better system than has been in use up to the present.

The "Cost of Merchandise" entered in the income and expense statement covers not only the actual billed cost less trade discount, but also includes the freight, express and delivery expense of getting the cars and other merchandise into the dealer's place of business ready for sale to prospective customers. What is meant by cost is in this

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case the delivered cost of the merchandise the dealer has for sale.

Summary.—These four analysis sheets, the *balance sheet*, the *income and expense statement*, the *income and expenses by departments statement*, and the *stock record*, will show scientifically what the condition of the business is. These four statements, in addition to the records usually kept in all bookkeeping systems, as described in the first paragraph of this chapter, are absolutely necessary if the business manager wants to know what he is doing and where he is going in his business.

No attempt will be made here to outline a complete accounting system including blanks for cash books, journals, and ledgers. Any set of blanks already in use can be adapted so as to produce the information called for in making up these statements. One may use bound volumes, loose leaf systems or card records. Some concerns like one type of record, others prefer forms quite different. Any text book on bookkeeping will describe these various systems.

If the automobile dealer will write to the Federal Trade Commission, Washington, D. C., and ask for a copy of "A System of Accounts for Retail Merchants," he will obtain a pamphlet which presents in brief form some very excellent suggestions on a bookkeeping system that can be applied with certain variations to his own business. The Federal Trade Commission supplies this without charge.

If any ordinary set of books, adapted as suggested here, is properly kept, it should not require more than an hour or two to draw up the four statements described in this chapter at any time desired. Certainly they should be prepared at least monthly. There is nothing burdensome about the carrying out of these suggestions. The results to be obtained are sure to be worth a great deal to the manager.

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